

COUNTY OF GREENE, VIRGINIA



FINANCIAL REPORT YEAR ENDED JUNE 30, 2019

County of Greene, Virginia

Financial Report

For the Year Ended June 30, 2019

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COUNTY OF GREENE, VIRGINIA

BOARD OF SUPERVISORS

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

COUNTY SCHOOL BOARD

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

COUNTY SOCIAL SERVICE BOARD

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

OTHER OFFICIALS

Judge of the Circuit Court.....	Daniel R. Bouton
Clerk of the Circuit Court	Brenda M. Compton
Judge of the General District Court	William G. Barkley
Judge of Juvenile & Domestic Relations District Court.....	David M. Barredo
Commonwealth's Attorney	Matthew D. Hardin
Commissioner of the Revenue	Larry V. Snow
Treasurer.....	Stephanie A. Deal
Sheriff	Steve Smith
Superintendent of Schools.....	Andrea Whitmarsh
Director of Department of Social Services.....	James Howard
County Administrator-Interim	Brenda G. Garton
County Administrator - as of April 2019.....	Mark B. Taylor



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2019, the County adopted new accounting guidance, GASB State No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 99-103, and 104-120 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

Supplementary and Other Information: (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2020, on our consideration of the County of Greene, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Greene, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County of Greene, Virginia's internal control over financial reporting and compliance.

Robinson, Farney Cox Associates
Charlottesville, Virginia
January 27, 2020

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Greene, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,824,731 (net position).
- Our combined long-term obligations decreased \$788,421 during the current fiscal year.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures in excess of revenues of \$22,436,066 (Exhibit 4), which includes contributions totaling \$16,198,728 to the School Board.

- As of the close of the current fiscal year, the County's funds reported ending fund balances of \$22,871,942, a decrease of \$20,235,645 in comparison with the prior year.

Overview of the Financial Statements

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,824,731 at the close of the most recent fiscal year.

County of Greene, Virginia's Net Position			
	Governmental Activities		
	2019	2018	
Current and other assets	\$ 41,198,613	\$ 60,862,924	
Capital assets	70,369,836	50,077,499	
Total assets	\$ 111,568,449	\$ 110,940,423	
Deferred outflows of resources	\$ 1,880,328	\$ 1,596,383	
Long-term liabilities outstanding	\$ 55,224,562	\$ 67,313,052	
Current liabilities	21,700,958	9,631,620	
Total liabilities	\$ 76,925,520	\$ 76,944,672	
Deferred inflows of resources	\$ 12,698,526	\$ 13,423,469	
Net position:			
Net investment in capital assets	\$ 19,155,823	\$ 15,907,396	
Unrestricted	4,668,908	6,261,269	
Total net position	\$ 23,824,731	\$ 22,168,665	

At the end of the current fiscal year, the County's net investment in capital assets is \$19,528,533.

The County's net position increased \$1,656,066 during the current fiscal year.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the County's net position by \$1,656,066. Key elements of this increase are as follows:

County of Greene, Virginia's Changes in Net Position For the Years Ended June 30, 2019 and 2018

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 4,414,795	\$ 3,493,024
Operating grants and contributions	4,443,099	4,284,408
General revenues:		
General property taxes	21,349,097	20,395,914
Other local taxes	5,142,529	4,837,709
Commonwealth of Virginia non-categorical aid	2,856,941	2,861,968
Other general revenues	855,256	496,568
Total revenues	\$ 39,061,717	\$ 36,369,591
Expenses:		
General government administration	\$ 3,371,994	\$ 2,939,108
Judicial administration	857,381	800,347
Public safety	8,095,205	8,051,591
Public works	2,296,909	1,643,722
Health and welfare	3,210,295	3,269,928
Education	13,950,905	14,308,304
Parks, recreation, and cultural	671,990	629,044
Community development	2,285,525	2,300,532
Interest and other fiscal charges	2,665,447	1,943,405
Total expenses	\$ 37,405,651	\$ 35,885,981
Change in net position	\$ 1,656,066	\$ 483,610
Net position, July 1, 2018	22,168,665	21,685,055
Net position, June 30, 2019	\$ 23,824,731	\$ 22,168,665

Government-wide Financial Analysis (Continued)

Charges for services increased by \$921,771 during the year, mostly due to an increase in landfill fees. General property taxes increased \$953,183 due to an increase in the real estate tax collections. Revenues from the use of money and property increased \$233,485 due to the issuance of debt not spent by year end. All other revenues increased by a net of \$529,879. The County's contribution to the School Board totaled \$16,198,728 for the year compared to \$14,731,880 in the prior year, an increase of \$1,466,848.

For the most part, expenditures closely paralleled inflation and growth in the demand for services. Public works expenses increased \$653,187 and education expenses decreased \$357,399. All other expenses had a net increase of \$1,223,882.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$22,871,942, a decrease of \$20,235,645 in comparison with the prior year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget was \$1,643,591 and can be briefly summarized as follows:

- \$353,224 in increases for public safety
- \$267,517 in increases for community development
- \$613,250 in increases for capital projects
- \$409,600 in other increases

Budgeted revenues of the general fund increased \$486,921, including increases of \$291,871 for intergovernmental revenues and \$195,050 of other increases.

Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2019 totals \$70,369,836 (net of accumulated depreciation - Note 4). This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress.

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

Long-term obligations - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$70,087,620. Of this amount \$63,711,255 comprises debt backed by the full faith and credit of the County. The County's total obligations decreased \$788,421 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 2.0 percent, which is the same as the unemployment rate from a year ago. This compares favorably to the state's average unemployment rate of 2.6 percent and compares favorably to the national average rate of 3.6 percent.
- Residential growth continues to increase and broaden the demand for locally provided services such as schools, emergency service, social services, inspections, law enforcement, parks and recreation, solid waste, and libraries.
- Departments and agencies were held to level funding related to operational expenditures except in those circumstances where increases in expenditures were unavoidable.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

The fiscal year 2020 budget increased from \$63,591,962 to \$75,666,578, or \$12,074,616 (19%).

Requests for Information

This financial report is designed to provide a general overview of the County of Greene, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 358, Stanardsville, Virginia 22973.

Basic Financial Statements

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Government-wide Financial Statements

Statement of Net Position
June 30, 2019

	Primary Government	Component Units	
	Governmental Activities	School Board	Greene County EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 13,261,360	\$ 53,521	\$ 279,928
Receivables (net of allowance for uncollectibles):			
Property taxes	11,701,330	-	-
Accounts receivable	809,542	-	-
Note receivable	-	-	10,000
Due from other governments	2,355,772	601,512	-
Due from primary government	-	1,580,210	43,698
Prepaid items	-	36,890	-
Restricted assets:			
Cash and cash equivalents	13,070,609	-	-
Total current assets	\$ 41,198,613	\$ 2,272,133	\$ 333,626
Noncurrent assets:			
Note receivable	\$ -	\$ -	\$ 33,350
Net pension asset	-	280	-
Capital assets:			
Land	4,069,142	127,800	-
Infrastructure, net of depreciation	24,038,529	-	-
Buildings and improvements, net of depreciation	11,854,748	10,586,785	-
Equipment, net of depreciation	618,571	2,072,386	-
Construction in progress	29,788,846	-	-
Total noncurrent assets	\$ 70,369,836	\$ 12,787,251	\$ 33,350
Total assets	\$ 111,568,449	\$ 15,059,384	\$ 366,976
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	\$ 694,578	\$ -	\$ -
Pension related items	613,815	3,612,171	-
OPEB related items	571,935	750,825	-
Total deferred outflows of resources	\$ 1,880,328	\$ 4,362,996	\$ -
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 4,223,188	\$ 802,395	\$ -
Accrued liabilities	-	1,416,216	-
Due to component units	1,623,908	-	-
Accrued interest payable	990,804	-	-
Current portion of long-term obligations	14,863,058	359,148	-
Total current liabilities	\$ 21,700,958	\$ 2,577,759	\$ -
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	55,224,562	32,877,369	-
Total liabilities	\$ 76,925,520	\$ 35,455,128	\$ -
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	\$ 11,819,241	\$ -	\$ -
Pension related items	677,092	3,221,078	-
OPEB related items	202,193	488,937	-
Total deferred inflows of resources	\$ 12,698,526	\$ 3,710,015	\$ -
NET POSITION			
Net Investment in capital assets	\$ 19,155,823	\$ 12,123,821	\$ -
Unrestricted	4,668,908	(31,866,584)	366,976
Total net position	\$ 23,824,731	\$ (19,742,763)	\$ 366,976

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

Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	School Board	Greene County EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 3,371,994	\$ 632,063	\$ 199,911	\$ -	\$ (2,540,020)	\$ -	\$ -
Judicial administration	857,381	96,932	464,693	-	(295,756)	-	-
Public safety	8,095,205	542,802	1,206,867	-	(6,345,536)	-	-
Public works	2,296,909	1,883,577	-	-	(413,332)	-	-
Health and welfare	3,210,295	-	1,771,163	-	(1,439,132)	-	-
Education	13,950,905	93,879	-	-	(13,857,026)	-	-
Parks, recreation, and cultural	671,990	54,747	-	-	(617,243)	-	-
Community development	2,285,525	1,110,795	800,465	-	(374,265)	-	-
Interest on long-term obligations	2,665,447	-	-	-	(2,665,447)	-	-
Total governmental activities	\$ 37,405,651	\$ 4,414,795	\$ 4,443,099	\$ -	\$ (28,547,757)	\$ -	\$ -
COMPONENT UNITS:							
School Board	\$ 35,066,782	\$ 461,295	\$ 21,506,317	\$ -	\$ -	\$ (13,099,170)	\$ -
Greene County EDA	163,955	-	-	-	-	-	(163,955)
Total component units	\$ 35,230,737	\$ 461,295	\$ 21,506,317	\$ -	\$ -	\$ (13,099,170)	\$ (163,955)
General revenues:							
General property taxes					\$ 21,349,097	\$ -	\$ -
Local sales and use tax					2,125,077	-	-
Business license taxes					693,149	-	-
Consumer utility taxes					430,447	-	-
Motor vehicle licenses					469,023	-	-
Meals taxes					735,403	-	-
Taxes on recordation and wills					310,088	-	-
Other local taxes					379,342	-	-
Grants and contributions not restricted to specific programs					2,856,941	-	10,000
Unrestricted revenues from use of money and property					646,279	8,905	2,850
Miscellaneous					208,977	278,369	14,563
Payment from primary government					-	13,956,545	170,968
Total general revenues					\$ 30,203,823	\$ 14,243,819	\$ 198,381
Change in net position					\$ 1,656,066	\$ 1,144,649	\$ 34,426
Net position - beginning					22,168,665	(20,887,412)	332,550
Net position - ending					\$ 23,824,731	\$ (19,742,763)	\$ 366,976

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

Fund Financial Statements

Balance Sheet - Governmental Funds
June 30, 2019

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 11,725,762	\$ 1,535,598	\$ -	\$ 13,261,360
Receivables (net of allowance for uncollectibles):				
Property taxes	11,701,330	-	-	11,701,330
Accounts receivable	353,328	456,214	-	809,542
Due from other governmental funds	409,916	-	-	409,916
Due from component unit	-	-	51,730	51,730
Due from other governmental units	2,355,772	-	-	2,355,772
Restricted assets:				
Cash and cash equivalents	5,902,276	-	7,168,333	13,070,609
Total assets	<u>\$ 32,448,384</u>	<u>\$ 1,991,812</u>	<u>\$ 7,220,063</u>	<u>\$ 41,660,259</u>
LIABILITIES				
Accounts payable	\$ 1,850,910	\$ -	\$ 2,372,277	\$ 4,223,187
Due to general fund	-	-	409,916	409,916
Due to component unit	1,675,638	-	-	1,675,638
Total liabilities	<u>\$ 3,526,548</u>	<u>\$ -</u>	<u>\$ 2,782,193</u>	<u>\$ 6,308,741</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	<u>\$ 12,479,576</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,479,576</u>
FUND BALANCES				
Restricted:				
Capital projects - school facilities upgrades	\$ -	\$ -	\$ 4,437,870	\$ 4,437,870
Capital projects - water system	5,902,276	-	-	5,902,276
Committed:				
Debt service	-	1,991,812	-	1,991,812
Education - school board carryover	5,384,848	-	-	5,384,848
Unassigned	5,155,136	-	-	5,155,136
Total fund balances	<u>\$ 16,442,260</u>	<u>\$ 1,991,812</u>	<u>\$ 4,437,870</u>	<u>\$ 22,871,942</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 32,448,384</u>	<u>\$ 1,991,812</u>	<u>\$ 7,220,063</u>	<u>\$ 41,660,259</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:				
Total fund balances per above				\$ 22,871,942
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land			\$ 4,069,142	
Buildings and improvements			24,038,529	
Infrastructure			11,854,748	
Equipment			618,571	
Construction in progress			29,788,846	70,369,836
due.				(990,804)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the				
Unavailable property taxes				660,334
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.				
Pension related items			\$ 613,815	
OPEB related items			571,935	
Deferred amount on refunding			694,578	1,880,328
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Capital leases			\$ (290,163)	
Landfill closure and postclosure liability			(495,969)	
Compensated absences			(773,266)	
General obligation bonds			(30,943,940)	
Premiums on bonds			(2,494,618)	
State literary fund loans			(4,050,000)	
Revenue bonds			(14,475,000)	
Notes payable			(1,235,775)	
Net OPEB liabilities			(2,029,504)	
Net pension liability			(292,845)	
Bond anticipation note			(11,488,352)	
Water and sewer bonds (assumed from RSA)			(1,518,188)	(70,087,620)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items			\$ (677,092)	
OPEB related items			(202,193)	(879,285)
Net position of General Government Activities				<u>\$ 23,824,731</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 21,392,808	\$ -	\$ -	\$ 21,392,808
Other local taxes	5,142,529	-	-	5,142,529
Permits, privilege fees and regulatory licenses	329,425	-	-	329,425
Fines and forfeitures	63,074	-	-	63,074
Revenue from use of money and property	211,893	-	434,386	646,279
Charges for services	3,027,155	995,141	-	4,022,296
Miscellaneous	157,247	-	-	157,247
Recovered costs	153,844	-	-	153,844
Intergovernmental:				
School board contribution	-	-	51,730	51,730
Commonwealth	5,674,999	-	-	5,674,999
Federal	1,625,040	-	-	1,625,040
Total revenues	\$ 37,778,014	\$ 995,141	\$ 486,116	\$ 39,259,271
Expenditures:				
Current:				
General government administration	\$ 2,660,055	\$ -	\$ -	\$ 2,660,055
Judicial administration	867,633	-	-	867,633
Public safety	7,980,277	-	-	7,980,277
Public works	2,323,225	-	-	2,323,225
Health and welfare	3,283,918	-	-	3,283,918
Education	16,239,581	-	-	16,239,581
Parks, recreation, and cultural	597,663	-	-	597,663
Community development	2,348,109	-	-	2,348,109
Nondepartmental	69,523	-	-	69,523
Capital outlays and projects	1,081,891	-	21,086,454	22,168,345
Debt service:				
Principal retirement	662,892	1,364,983	-	2,027,875
Interest and other fiscal charges	361,208	767,925	-	1,129,133
Total expenditures	\$ 38,475,975	\$ 2,132,908	\$ 21,086,454	\$ 61,695,337
Excess (deficiency) of revenues over (under) expenditures	\$ (697,961)	\$ (1,137,767)	\$ (20,600,338)	\$ (22,436,066)
Other financing sources (uses):				
Issuance of bond anticipation note	\$ 2,100,000	\$ -	\$ -	\$ 2,100,000
Issuance of capital leases	100,421	-	-	100,421
Transfers out	(2,132,908)	-	-	(2,132,908)
Transfers in	-	2,132,908	-	2,132,908
Total other financing sources (uses)	\$ 67,513	\$ 2,132,908	\$ -	\$ 2,200,421
Change in fund balance	\$ (630,448)	\$ 995,141	\$ (20,600,338)	\$ (20,235,645)
Fund balance at beginning of year	17,072,708	996,671	25,038,208	43,107,587
Fund balance at end of year	\$ 16,442,260	\$ 1,991,812	\$ 4,437,870	\$ 22,871,942

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2019

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

Net change in fund balance - total governmental funds	\$	(20,235,645)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. Details supporting this adjustment are as follows:

Capital outlay	\$	22,384,672	
Depreciation expense		<u>(1,376,710)</u>	21,007,962
Transfer of joint tenancy assets from Primary Government to the Component Unit			(715,625)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Property taxes			(43,711)

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

Principal retired on capital leases	\$	195,793	
Principal retired on general obligation bonds		820,849	
Principal retired on revenue bonds and premiums		1,273,937	
Principal retired on water and sewer bonds (assumed from RSA)		369,983	
Principal retired on notes payable		130,571	
Principal retired on state literary fund loans		700,000	
Increase of landfill closure and postclosure liability		(11,151)	
Issuance of long-term obligations		<u>(2,200,421)</u>	1,279,561

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

Change in compensated absences	\$	(54,696)	
Pension expense		434,623	
OPEB expense		(96,268)	
Change in accrued interest payable		171,725	
Change in deferred amount on refunding		<u>(91,860)</u>	363,524
Change in net position of governmental activities			<u>\$ 1,656,066</u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2019

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>51,376</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>51,376</u>

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements As of June 30, 2019

Note 1—Summary of Significant Accounting Policies:

The County of Greene, Virginia was formed in 1702 and it is governed by an elected five member Board of Supervisors. The Board of Supervisors is responsible for appointing the County Administrator. The County provides a full range of services for its citizens. These services include police and volunteer fire protection, sanitation services, recreational activities, cultural events, education, and social services.

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

Financial Statement Presentation

Management's Discussion and Analysis - The financial statements are required to be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

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

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

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Greene, Virginia (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Units:

The County has no blended component units to be included for the fiscal year ended June 30, 2019.

Discretely Presented Component Units:

Greene County School Board

The Greene County School Board operates the elementary and secondary public schools in the County. School Board members are elected by the voters of the County for a term of four years. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2019.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

Greene County Economic Development Authority:

The Greene County Economic Development Authority was formed by the Greene County Board of Supervisors who appoint all Board members of the Authority. The Authority provides a source of financing for industries locating their facilities in the County. The Board of Supervisors cannot impose its will on the Authority, but since there is a potential financial benefit or burden in the relationship, as evidenced by the contributions from the County to the Authority, the Board of Supervisors is financially accountable for the Authority. Accordingly, the Authority is considered a component unit of the County and is included as a discrete presentation in the County's financial report. Financial statements for the Authority can be obtained from their Administrative Offices in Stanardsville, Virginia.

C. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

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

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

1. Governmental Funds

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

A. General Fund

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

B. School Capital Projects Fund

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

C. Debt Service Fund

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

2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include the Special Welfare Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

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

3. Component Unit - School Board

The Greene County School Board reports the following funds:

Governmental Funds:

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

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

E. Budgets and Budgetary Accounting

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund and the Component Unit - School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all county units.
8. All budgetary data presented in the accompanying financial statements is the original to the current comparison of the final budget and actual results.

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

F. Cash and Cash Equivalents

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

G. Investments

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

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

H. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$120,030 at June 30, 2019 and is comprised of property taxes.

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

I. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

I. Capital Assets: (Continued)

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

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

J. Compensated Absences

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

K. Long-term Obligations

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

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

L. Fund Balance

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

L. Fund Balance (Continued)

- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

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

M. Use of Estimates

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

N. Net Position

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

O. Net Position Flow Assumption

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

P. Deferred Outflows/Inflows of Resources

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

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

Q. Pensions

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

R. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, Teacher HIC, LODA Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Health Insurance (Single-employer Defined Benefit Plan)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense have been determined on the same basis as they were reported by the plan actuary. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms.

S. Adoption of Accounting Principles

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

Note 2—Deposits and Investments:

Deposits

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

Investments

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 2—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County does not have a policy regarding credit risk of debt securities. The County's rated debt investments as of June 30, 2019 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

County's Rate Debt Investment's Values	
Rated Debt Investments	Fair Quality Ratings
	AAAm
State Non-Arbitrage Program (SNAP)	\$ 13,070,609
Total	\$ 13,070,609

Interest Rate Risk

Investment Type	Investment Maturity*	
	Fair Value	Less than 1
State Non-Arbitrage Program (SNAP)	\$ 13,070,609	\$ 13,070,609
Total investments	\$ 13,070,609	\$ 13,070,609

*Weighted average maturity in years

External Investment Pools:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 3—Due From Other Governmental Units:

At June 30, 2019 the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales taxes	\$ 399,107	\$ 459,872
Communication tax	66,701	-
Public assistance	34,203	-
Comprehensive services	138,400	-
Personal property tax relief act (PPTRA)	1,352,596	-
Shared expenses	126,616	-
Other state funding	51,876	-
Federal Government:		
School funds	-	141,640
Section 18 transportation	93,844	-
Public safety grants	19,208	-
Public assistance	73,221	-
Total	<u>\$ 2,355,772</u>	<u>\$ 601,512</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 4—Capital Assets:

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Primary Government				
Capital assets not being depreciated:				
Land	\$ 4,069,142	\$ -	\$ -	\$ 4,069,142
Construction in progress:				
County	4,982,107	959,364	-	5,941,471
Jointly owned assets	2,669,705	21,177,670	-	23,847,375
Total capital assets not being depreciated	\$ 11,720,954	\$ 22,137,034	\$ -	\$ 33,857,988
Other capital assets being depreciated:				
Buildings and improvements	\$ 20,237,682	\$ -	\$ 1,000,000	\$ 19,237,682
Infrastructure	27,741,216	-	-	27,741,216
Equipment	6,273,930	247,638	-	6,521,568
Total other capital assets being depreciated	\$ 54,252,828	\$ 247,638	\$ 1,000,000	\$ 53,500,466
Accumulated depreciation:				
Buildings and improvements	\$ 7,179,618	\$ 487,691	\$ 284,375	\$ 7,382,934
Infrastructure	3,147,863	554,824	-	3,702,687
Equipment	5,568,802	334,195	-	5,902,997
Total accumulated depreciation	\$ 15,896,283	\$ 1,376,710	\$ 284,375	\$ 16,988,618
Other capital assets, net	\$ 38,356,545	\$ (1,129,072)	\$ 715,625	\$ 36,511,848
Net capital assets	\$ 50,077,499	\$ 21,007,962	\$ 715,625	\$ 70,369,836

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 4—Capital Assets: (Continued)

The following is a summary of changes in component unit school board capital assets for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Component Unit - School Board				
Capital assets not being depreciated:				
Land	\$ 127,800	\$ -	\$ -	\$ 127,800
Total capital assets not being depreciated	\$ 127,800	\$ -	\$ -	\$ 127,800
Other capital assets being depreciated:				
Buildings and improvements	\$ 26,401,008	\$ 1,000,000	\$ -	\$ 27,401,008
Equipment	6,178,762	419,994	-	6,598,756
Total other capital assets being depreciated	\$ 32,579,770	\$ 1,419,994	\$ -	\$ 33,999,764
Accumulated depreciation:				
Buildings and improvements	\$ 15,953,316	\$ 860,907	\$ -	\$ 16,814,223
Equipment	4,151,562	374,808	-	4,526,370
Total accumulated depreciation	\$ 20,104,878	\$ 1,235,715	\$ -	\$ 21,340,593
Other capital assets, net	\$ 12,474,892	\$ 184,279	\$ -	\$ 12,659,171
Net capital assets	\$ 12,602,692	\$ 184,279	\$ -	\$ 12,786,971

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

Governmental activities:

General government administration	\$ 656,643
Judicial administration	46,577
Public safety	217,838
Public works	32,995
Health and welfare	908
Education	237,875
Parks, recreation and cultural	76,277
Community development	107,597
Total governmental activities	\$ 1,376,710
Component Unit School Board (1)	\$ 951,340

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations:

Primary Government

Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions for the year ended June 30, 2019:

	Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Due Within One Year
Governmental Activities Long-Term Obligations					
Direct borrowings and placements:					
General obligation bonds	\$ 31,764,789	\$ -	\$ 820,849	\$ 30,943,940	\$ 980,710
Premiums on bonds	2,773,555	-	278,937	2,494,618	262,654
State literary fund loans	4,750,000	-	700,000	4,050,000	450,000
Revenue bonds	15,470,000	-	995,000	14,475,000	1,035,000
Notes payable	1,366,346	-	130,571	1,235,775	131,883
Bond Anticipation Note	9,388,352	2,100,000	-	11,488,352	11,488,352
Water & Sewer bonds (assumed from RSA)	1,888,171	-	369,983	1,518,188	268,316
Other long-term obligations:					
Capital leases	385,535	100,421	195,793	290,163	168,816
Landfill closure and postclosure liability	484,818	11,151	-	495,969	-
Compensated absences	718,570	198,410	143,714	773,266	77,327
Net OPEB liabilities	1,468,309	843,503	282,308	2,029,504	-
Net pension liability	417,596	2,070,685	2,195,436	292,845	-
Total	\$ 70,876,041	\$ 5,324,170	\$ 6,112,591	\$ 70,087,620	\$ 14,863,058

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements					
	Revenue Bonds		State Literary		Bond	
	VRA Sewer Bond		Fund Loans		Anticipation Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,035,000	\$ 644,148	\$ 450,000	\$ 121,500	\$ 11,488,352	\$ 399,515
2021	1,165,000	593,397	450,000	98,000	-	-
2022	1,225,000	535,153	450,000	94,500	-	-
2023	1,280,000	470,963	450,000	81,000	-	-
2024	1,355,000	403,441	450,000	67,500	-	-
2025	1,435,000	315,260	450,000	54,000	-	-
2026	1,505,000	261,807	450,000	40,500	-	-
2027	530,000	210,785	450,000	27,000	-	-
2028	560,000	187,029	450,000	13,500	-	-
2029	570,000	163,156	-	-	-	-
2030	485,000	137,719	-	-	-	-
2031	510,000	115,300	-	-	-	-
2032	525,000	96,372	-	-	-	-
2033	550,000	76,550	-	-	-	-
2034	560,000	55,894	-	-	-	-
2035	585,000	34,584	-	-	-	-
2036	600,000	11,850	-	-	-	-
Totals	\$ <u>14,475,000</u>	\$ <u>4,313,408</u>	\$ <u>4,050,000</u>	\$ <u>597,500</u>	\$ <u>11,488,352</u>	\$ <u>399,515</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Capital Leases		Direct Borrowings and Placements	
			General Obligation School Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 168,815	\$ 6,778	\$ 980,710	\$ 1,270,108
2021	87,318	3,212	1,018,592	1,227,962
2022	34,030	952	1,066,600	1,183,670
2023	-	-	1,109,740	1,137,100
2024	-	-	1,163,016	1,088,121
2025	-	-	1,170,282	1,037,965
2026	-	-	1,175,000	989,108
2027	-	-	1,230,000	938,310
2028	-	-	1,130,000	753,676
2029	-	-	1,185,000	697,523
2030	-	-	1,245,000	638,412
2031	-	-	1,295,000	586,705
2032	-	-	1,340,000	543,271
2033	-	-	1,385,000	496,609
2034	-	-	1,435,000	447,979
2035	-	-	1,485,000	398,796
2036	-	-	1,535,000	347,663
2037	-	-	1,590,000	294,475
2038	-	-	1,295,000	247,548
2039	-	-	1,335,000	207,440
2040	-	-	1,375,000	165,253
2041	-	-	1,420,000	120,883
2042	-	-	1,465,000	74,168
2043	-	-	1,515,000	24,998
Totals	\$ 290,163	\$ 10,942	\$ 30,943,940	\$ 14,917,741

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Direct Borrowings and Placements			
	Notes Payable		Water & Sewer Bonds (Assumed from RSA)	
	Principal	Interest	Principal	Interest
2020	\$ 131,883	\$ 11,754	\$ 268,316	\$ 63,743
2021	133,208	10,429	186,648	52,785
2022	134,546	9,091	194,981	44,435
2023	135,897	7,740	203,313	36,391
2024	137,263	6,374	211,646	27,090
2025	138,642	4,996	221,645	16,628
2026	140,034	3,603	231,639	5,637
2027	141,441	2,196	-	-
2028	142,861	775	-	-
Total	\$ 1,235,775	\$ 56,958	\$ 1,518,188	\$ 246,709

Details of Long-term Obligations:

	Amount Outstanding	Amount Due Within One Year
Direct borrowings and placements:		
General obligation bonds:		
\$5,120,000 School Bonds series 2011A issued May 5, 2011 maturing in various annual installments through January 2037 interest payable semi-annually at rates from 2.05% to 5.05%	\$ 4,225,000	\$ 155,000
Premium on 2011A VPSA bonds	117,850	6,932
\$811,329 Lease Revenue Bonds issued December 20, 2010 maturing in monthly installments of \$6,798 through December 2024, interest at 4.30%	398,940	65,710
\$2,470,000 QSCB Bonds series 2010 issued July 8, 2010 maturing in annual installments of \$286,157 through June 2027, interest at 5.31%	1,240,000	155,000

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Direct borrowings and placements: (continued)		
General obligation bonds: (continued)		
Premium on 2017 VPSA bonds	\$ 1,328,902	\$ 55,371
\$25,440,000 School Bonds series 2017 issued November 7, 2017 maturing in various annual installments through January 2043 interest payable semi-annually at rates from 2.05% to 5.05%	<u>25,080,000</u>	<u>605,000</u>
Total General Obligation Bonds	<u>\$ 32,390,692</u>	<u>\$ 1,043,013</u>
Revenue bonds:		
\$8,110,000, VRA Sewer System Revenue Bond, Series 2011B, issued November 16, 2011, maturing in amounts ranging from \$177,048 - \$1,033,019 annually from April 1, 2012 through April 1, 2026, interest payable semi-annually at 2.92%	\$ 6,055,000	\$ 745,000
Premium on Series 2011B VRA Bond	408,805	101,686
\$3,445,000, Refunding VRA Sewer System Revenue Bond, Series 2014B, issued August 13, 2014, maturing in amounts ranging from \$120,256 - \$472,528 annually from October 1, 2014 through April 1, 2036, interest payable semi-annually at 3.58%	3,120,000	5,000
\$1,140,000, Refunding VRA Sewer System Revenue Bond, Series 2014B, issued August 13, 2014, maturing in amounts ranging from \$39,894 - 154,022 annually from October 1, 2014 through April 1, 2036, interest payable semi-annually at 3.72%	1,030,000	-

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Direct borrowings and placements: (continued)		
Revenue bonds: (Continued)		
Premiums on 2014 VRA revenue bonds	\$ 171,330	\$ 13,251
 \$2,890,000 Water Revenue Refunding Bond, Series 2012, issued August 2, 2012, maturing in amounts ranging from \$30,000 - \$330,000, annually from October 1, 2012 through October 1, 2028, except for October 1, 2013 - October 1, 2016 whereby no payments are due. Interest is payable semi-annually at rates from 2.208% - 5.125% through October 1, 2028. The bonds were issued at a premium of \$590,973 to partially refund Series 2005 VRA Water System Revenue Bond.	 2,525,000	 215,000
 \$945,000 Sewer Revenue Refunding Bond, Series 2012, issued August 2, 2012, maturing in amounts ranging from \$10,000 - \$105,000, annually from October 1, 2012 through October 1, 2028, except for October 1, 2013 - October 1, 2016 whereby no payments are due. Interest is payable semi-annually at rates from 2.375% - 5.125% through October 1, 2028. The bonds were issued with a premium of \$193,935 to partially refund Series 2005 VRA Sewer System Revenue Bond.	 825,000	 70,000
Premium on 2012 VRA revenue bonds	314,113	59,353

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Direct borrowings and placements: (continued)		
Revenue bonds: (Continued)		
\$920,000 VRA Refunding Revenue Bond, Series 2016C, issued November 2, 2016, maturing in amounts ranging from \$80,000 - \$120,000, annually from October 1, 2017 through October 1, 2028, except for October 1, 2017 - October 1, 2019 whereby no payments are due. Interest is payable semi-annually at 2.67% through October 1, 2028. The bonds were issued with a premium of \$217,686 to partially refund Sewer Revenue Refunding Bond, Series 2009.	\$ 920,000	\$ -
Premium on 2016 VRA revenue bonds	<u>153,618</u>	<u>26,062</u>
Total Revenue Bonds	<u>\$ 15,522,866</u>	<u>\$ 1,235,352</u>
State Literary Fund loans:		
\$9,000,000 issued July 15, 2007 due in principal annual installments of \$450,000 through July 2027, interest at 3.00%	<u>\$ 4,050,000</u>	<u>\$ 450,000</u>
Total State Literary Fund loans	<u>\$ 4,050,000</u>	<u>\$ 450,000</u>
Water & Sewer Bonds (assumed from RSA):		
\$1,780,000 2009 revenue bonds, payable to VRA in monthly installments of \$13,193, interest at 3.75% to 5.00% through 2029. Greene County assumed all of this debt.	\$ 90,000	\$ 90,000
\$2,736,393 2009A revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.10% to 5.23% through 2026. Greene County assumed \$3,232,682 of this obligation.	<u>1,428,188</u>	<u>178,316</u>
Total Water & Sewer Bonds (assumed from RSA)	<u>\$ 1,518,188</u>	<u>\$ 268,316</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Direct borrowings and placements: (continued)		
Notes payable:		
\$2,000,000 note payable issued June 13, 2013, monthly payments of \$11,970 due through June 13, 2028, interest at 1.00%	\$ 1,235,775	\$ 131,883
Bond anticipation notes:		
\$9,388,352 bond anticipation note payable issued March 15, 2018, semi-annual interest payments of \$152,561 due through March 15, 2020 at which time principal is due, interest at 3.25%	\$ 9,388,352	\$ 9,388,352
\$2,100,000 bond anticipation note payable issued January 16, 2019, semi-annual interest payments totaling \$76,014 due through March 15, 2020 at which time principal is due, interest at 3.11%	2,100,000	2,100,000
Total Bond Anticipation Notes	\$ 11,488,352	\$ 11,488,352
Other long-term obligations:		
Capital leases:		
\$124,000 Capital lease obligation dated May 16, 2016 for the lease/purchase of a loader, payable in monthly installments of \$2,699 through April 2020, interest at 3%. The cost of the loader is \$124,000 and accumulated depreciation amounted to \$99,200 at June 30, 2019.	\$ 28,570	\$ 28,569
\$158,804 (\$369,168 total lease - 43.02% County and 56.98% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$55,549 through November 20, 2020, interest at 2.45%. The cost of the County vehicles is \$158,804 and accumulated depreciation amounted to \$105,869 at June 30, 2019.	107,145	52,924

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Other long-term obligations: (Continued)		
Capital leases: (Continued)		
\$160,238 (\$502,643 total lease - 31.88% County and 68.12% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$54,912 through July 15, 2019, interest at 1.637%. The cost of the County vehicles is \$160,238 and accumulated depreciation amounted to \$153,953 at June 30, 2019.	\$ 54,027	\$ 54,027
\$100,421 (\$506,470 total lease - 19.83% County and 80.17% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$34,981 through July 5, 2021, interest at 2.76%. The cost of the County vehicles is \$98,835 and accumulated depreciation amounted to \$19,767 at June 30, 2019.	<u>100,421</u>	<u>33,295</u>
Total Capital Leases	\$ <u>290,163</u>	\$ <u>168,815</u>
Landfill closure and postclosure liability	\$ <u>495,969</u>	\$ <u>-</u>
Net pension liability	\$ <u>292,845</u>	\$ <u>-</u>
Net OPEB liabilities	\$ <u>2,029,504</u>	\$ <u>-</u>
Compensated absences	\$ <u>773,266</u>	\$ <u>77,327</u>
Total governmental activities long-term obligations	<u>\$ 70,087,620</u>	<u>\$ 14,863,058</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

Component Unit—School Board:

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

Year Ending June 30,	Capital Leases	
	Principal	Interest
2020	\$ 320,183	\$ 12,185
2021	205,653	9,376
2022	137,594	3,850
Totals	\$ <u>663,430</u>	\$ <u>25,411</u>

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2019:

	Balance at July 1, 2018	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2019	Due Within One Year
Capital Leases	\$ 539,308	\$ 406,049	\$ 281,927	\$ 663,430	\$ 320,182
Compensated absences	395,701	79,140	85,177	389,664	38,966
Net pension liability	26,672,282	6,653,260	8,066,542	25,259,000	-
Net OPEB liabilities	<u>6,723,926</u>	<u>1,150,793</u>	<u>950,297</u>	<u>6,924,422</u>	<u>-</u>
Total long-term obligations	\$ <u>34,331,217</u>	\$ <u>8,289,242</u>	\$ <u>9,383,943</u>	\$ <u>33,236,516</u>	\$ <u>359,148</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Capital leases:		
\$210,364 capital lease obligation dated November 20, 2017 for the lease purchase of vehicles, payable in annual installments of \$73,585 through November 2020, interest at 2.45%. The cost of the vehicles is \$210,364 and accumulated depreciation amounted to \$45,675 at June 30, 2019.	\$ 141,933	\$ 70,107
\$342,405 (\$502,643 total lease - 31.88% County and 68.12% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$117,338 through July 15, 2019, interest at 1.637%. The cost of the buses is \$335,904 and accumulated depreciation amounted to \$83,976 at June 30, 2019.	115,448	115,448
\$406,049 (\$506,470 total lease - 19.83% County and 80.17% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$141,444 through July 5, 2021, interest at 2.76%. The cost of the vehicles is \$399,635 and accumulated depreciation amounted to \$41,709 at June 30, 2019.	<u>406,049</u>	<u>134,627</u>
Total capital leases	\$ <u>663,430</u>	\$ <u>320,182</u>
Compensated absences	\$ <u>389,664</u>	\$ <u>38,966</u>
Net pension liability	\$ <u>25,259,000</u>	\$ <u>-</u>
Net OPEB liabilities	\$ <u>6,924,422</u>	\$ <u>-</u>
Total Long-Term Obligations Component-Unit School Board	<u>\$ 33,236,516</u>	<u>\$ 359,148</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 6—Commitments and Contingencies:

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

Note 7—Risk Management:

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

Note 8—Litigation:

At June 30, 2019, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 9—Surety Bonds:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan:

Plan Description

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

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	72	55
Inactive members:		
Vested inactive members	18	18
Non-vested inactive members	22	34
Inactive members active elsewhere in VRS	41	25
Total inactive members	81	77
Active members	113	86
Total covered employees	266	218

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 7.99% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$433,401 and \$494,434 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 5.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$99,907 and \$107,551 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liability (asset) was measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liability (asset) were determined by an actuarial valuation performed as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-Hazardous Duty:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

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

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

Mortality rates:

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

Pre-Retirement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Hazardous Duty:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

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

Mortality rates: (Continued)

All Others (Non 10 Largest) - Hazardous Duty:

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 19,791,062	\$ 19,373,466	\$ 417,596
Changes for the year:			
Service cost	\$ 610,548	\$ -	\$ 610,548
Interest	1,354,783	-	1,354,783
Differences between expected and actual experience	91,851	-	91,851
Contributions - employer	-	494,436	(494,436)
Contributions - employee	-	266,668	(266,668)
Net investment income	-	1,434,332	(1,434,332)
Benefit payments, including refunds	(874,033)	(874,033)	-
Administrative expenses	-	(12,219)	12,219
Other changes	-	(1,284)	1,284
Net changes	\$ 1,183,149	\$ 1,307,900	\$ (124,751)
Balances at June 30, 2018	\$ 20,974,211	\$ 20,681,366	\$ 292,845

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 8,588,011	\$ 8,572,729	\$ 15,282
Changes for the year:			
Service cost	\$ 174,165	\$ -	\$ 174,165
Interest	585,379	-	585,379
Differences between expected and actual experience	35,661	-	35,661
Contributions - employer	-	107,531	(107,531)
Contributions - employee	-	83,240	(83,240)
Net investment income	-	626,051	(626,051)
Benefit payments, including refunds	(450,901)	(450,901)	-
Administrative expenses	-	(5,501)	5,501
Other changes	-	(554)	554
Net changes	\$ 344,304	\$ 359,866	\$ (15,562)
Balances at June 30, 2018	\$ 8,932,315	\$ 8,932,595	\$ (280)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County			
Net Pension Liability (Asset)	\$ 3,003,459	\$ 292,845	\$ (1,955,459)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,009,484	\$ (280)	\$ (855,449)

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$(1,224) and \$(63,418), respectively. At June 30, 2019, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 180,414	\$ 350,914	\$ 20,089	\$ 11,314
Change in assumptions	-	148,642	-	24,255
Net difference between projected and actual earnings on pension plan investments	-	177,532	-	72,508
Employer contributions subsequent to the measurement date	433,401	-	99,907	-
Total	<u>\$ 613,815</u>	<u>\$ 677,088</u>	<u>\$ 119,996</u>	<u>\$ 108,077</u>

\$433,401 and \$99,907 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2020	\$ (105,581)	\$ 9,116
2021	(188,671)	(2,215)
2022	(185,900)	(87,833)
2023	(16,522)	(7,056)
2024	-	-
Thereafter	-	-

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$2,577,175 and \$2,777,888 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$25,259,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was 0.21479% as compared to 0.21676% at June 30, 2017.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

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

For the year ended June 30, 2019, the school division recognized pension expense of \$1,703,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,159,000
Change in assumptions	301,000	-
Net difference between projected and actual earnings on pension plan investments	-	536,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	614,000	418,000
Employer contributions subsequent to the measurement date	<u>2,577,175</u>	<u>-</u>
Total	<u>\$ 3,492,175</u>	<u>\$ 3,113,000</u>

\$2,577,175 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (105,000)
2021	(430,000)
2022	(1,159,000)
2023	(388,000)
2024	(116,000)

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions

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

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions: (Continued)

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

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

Net Pension Liability

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

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 10—Pension Plan: (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 38,584,000	\$ 25,259,000	\$ 14,230,000

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

Aggregate Pension Information

VRS Pension Plans	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
Primary Government	\$ 613,815	\$ 677,088	\$ 292,845	\$ (1,224)
Component Unit School Board				
Nonprofessional	\$ 119,996	\$ 108,077	\$ (280)	\$ (63,418)
Professional	3,492,175	3,113,000	25,259,000	1,703,000
Totals	\$ 3,612,171	\$ 3,221,077	\$ 25,258,720	\$ 1,639,582

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 11—Interfund Balances and Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
County:		
General fund	\$ -	\$ 2,132,908
Debt Service fund	2,132,908	-
Total County	<u>\$ 2,132,908</u>	<u>\$ 2,132,908</u>
Component Unit School Board:		
School Operating Fund	\$ -	\$ 893,930
School Cafeteria Fund	893,930	-
Total Component Unit School Board	<u>\$ 893,930</u>	<u>\$ 893,930</u>

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

Note 12—Deferred/Unavailable Revenue:

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

	<u>Government- wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
Unavailable property tax revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 660,335
2nd half assessments due in December 2019	10,457,612	10,457,612
Prepaid property taxes due in December 2019, but paid in advance by the taxpayers	1,361,628	1,361,628
Total deferred/unavailable revenue	<u>\$ 11,819,240</u>	<u>\$ 12,479,575</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Primary Government - General Fund	\$ -	\$ 1,623,908
Component Unit - Economic Development Authority	43,698	-
Component Unit - School Board	1,580,210	-
Total	<u>\$ 1,623,908</u>	<u>\$ 1,623,908</u>

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

Note 14—Landfill Closure and Postclosure Care Costs:

The County operates a solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. The \$495,969 reported as landfill closure and post closure liability at June 30, 2018, represents \$455,969 for closure and post closure care liability and \$40,000 for underground tank coverage. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County will also demonstrate financial assurance of an additional one million dollars as a result of the statistically significant exceedance of groundwater Protection Standards. The County intends to fund future costs from funds accumulated for this purpose in the General Fund.

The County has demonstrated financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VAC20-70 of the Virginia Administrative Code.

Note 15—Other Postemployment Benefits

Group Life Insurance:

Plan Description

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Plan Description: (Continued)

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

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

Eligible Employees

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Contributions: (Continued)

as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were \$29,757 and \$28,552 for the years ended June 30, 2019 and June 30, 2018, respectively, \$9,030 and \$9,036 from School Board nonprofessional, and \$92,161 and \$91,606 from School Board professional.

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

At June 30, 2019, the County reported a liability of \$435,000, the School Board nonprofessional \$137,000, and School Board professional \$1,396,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion for the County was .02865% as compared to .02924% at June 30, 2017. At June 30, 2018, the participating employer's proportion for the School Board nonprofessional was .00907% as compared to .00967% at June 30, 2017. At June 30, 2018, the participating employer's proportion for the School Board professional was .09191% as compared to .09318% at June 30, 2017.

For the year ended June 30, 2019, the County, School Board nonprofessional and School Board professional recognized GLI OPEB expense of \$3,000, \$(1,000) and \$9,000. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

		<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>County</u>			
Differences between expected and actual experience	\$	21,000	\$ 8,000
Net difference between projected and actual earnings on GLI OPEB program investments		-	14,000
Change in assumptions		-	18,000
Changes in proportion		6,000	8,000
Employer contributions subsequent to the measurement date		29,757	-
Total	\$	<u>56,757</u>	<u>\$ 48,000</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
School Board nonprofessional		
Differences between expected and actual experience	\$ 7,000	\$ 3,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	4,000
Change in assumptions	-	6,000
Changes in proportion	-	8,000
Employer contributions subsequent to the measurement date	9,030	-
Total	<u>\$ 16,030</u>	<u>\$ 21,000</u>
School Board professional		
Differences between expected and actual experience	\$ 68,000	\$ 26,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	45,000
Change in assumptions	-	58,000
Changes in proportion	6,000	18,000
Employer contributions subsequent to the measurement date	92,161	-
Total	<u>\$ 166,161</u>	<u>\$ 147,000</u>

\$29,757, \$9,030 and \$92,161 (County, School Board nonprofessional and School Board professional) reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	County	School Board nonprofessional	School Board professional
2020	\$ (6,000)	\$ (4,000)	\$ (22,000)
2021	(6,000)	(4,000)	(22,000)
2022	(6,000)	(4,000)	(22,000)
2023	(4,000)	(2,000)	(11,000)
2024	1,000	-	1,000
Thereafter	-	-	3,000

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

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

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

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Group Life Insurance: (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County's proportionate share of the Group Life Net OPEB Liability	\$ 569,000	\$ 435,000	\$ 327,000
School Board nonprofessional's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 180,000	\$ 137,000	\$ 103,000
School Board professional's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 1,824,000	\$ 1,396,000	\$ 1,048,000

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Health Insurance Credit (HIC) Program - County:

Plan Description

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

Employees Covered by Benefit Terms

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>County</u>
Inactive members or their beneficiaries currently receiving benefits	13
Inactive members:	
Vested inactive members	<u>2</u>
Total inactive members	<u>15</u>
Active members	<u>42</u>
Total covered employees	<u><u>57</u></u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County’s contractually required employer contribution rate for the year ended June 30, 2019 was .19% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the HIC Program were \$3,980 and \$3,924 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net HIC OPEB Liability

The County’s net Health Insurance Credit OPEB liability was measured as of June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	\$ 108,713	\$ 88,049	\$ 20,664
Changes for the year:			
Service cost	\$ 2,242	\$ -	\$ 2,242
Interest	7,315	-	7,315
Differences between expected and actual experience	(1,609)	-	(1,609)
Contributions - employer	-	3,924	(3,924)
Net investment income	-	6,144	(6,144)
Benefit payments	(8,429)	(8,429)	-
Administrative expenses	-	(140)	140
Other changes	-	(465)	465
Net changes	\$ (481)	\$ 1,034	\$ (1,515)
Balances at June 30, 2018	\$ 108,232	\$ 89,083	\$ 19,149

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County's Net HIC OPEB Liability	\$ 29,859	\$ 19,149	\$ 9,965

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)**Health Insurance Credit (HIC) Program - County: (Continued)*****Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB***

For the year ended June 30, 2019, the County recognized HIC Program OPEB expense of \$2,233. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to the County's Health Insurance Credit Program from the following sources:

County:	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,320
Net difference between projected and actual earnings on HIC OPEB plan investments	-	2,286
Change in assumptions	-	3,428
Employer contributions subsequent to the measurement date	3,980	-
Total	<u>\$ 3,980</u>	<u>\$ 7,034</u>

\$3,980 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	County
2020	\$ (1,945)
2021	(1,945)
2022	(1,946)
2023	(1,034)
2024	(164)
Thereafter	-

Health Insurance Credit Program Plan Data

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$212,679 and \$214,967 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$2,744,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .21610% as compared to .21779% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$220,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 13,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,000
Change in assumptions	-	24,000
Change in proportion	-	21,000
Employer contributions subsequent to the measurement date	<u>212,679</u>	<u>-</u>
Total	\$ <u>212,679</u>	\$ <u>60,000</u>

\$212,679 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ (11,000)
2021	(11,000)
2022	(11,000)
2023	(9,000)
2024	(9,000)
Thereafter	(9,000)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions

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

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

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

Mortality Rates - Teachers

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Net Teacher Employee HIC OPEB Liability: (Continued)

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

Long-Term Expected Rate of Return

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	3,065,000	\$ 2,744,000	\$ 2,471,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

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

Benefits Provided

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

Plan Membership

At June 30, 2019 (measurement date), the following employees were covered by the benefit terms:

	<u>County</u>	<u>School Board</u>
Total active employees with coverage	117	466
Total inactive employees or retirees with coverage	<u>2</u>	<u>15</u>
Total	<u>119</u>	<u>481</u>

Contributions

The County and School Board do not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County and School Board. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2019 was \$12,530 and \$162,129.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Total OPEB Liability

The County and School Board's total OPEB liabilities were measured as of June 30, 2019. The total OPEB liabilities were determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

Mortality rates for active employees and healthy retirees were based on a RP-2014 Mortality Table fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2018.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

Discount Rate

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

Changes in Total OPEB Liability

Changes in Net OPEB Liability			
	County		Component Unit-
	Total OPEB		School Board
	Liability		Total OPEB
			Liability
Balances at June 30, 2018	\$ 133,645	\$	2,412,926
Changes for the year:			
Service cost	28,236		121,219
Interest	16,874		85,824
Effect of economic/demographic gains or (losses)	280,246		(236,168)
Effect of assumption changes	59,704		425,750
Benefit payments	(12,350)		(162,129)
Net changes	372,710		234,496
Balances at June 30, 2019	\$ 506,355	\$	2,647,422

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	Rate		
	1% Decrease	Current	1% Increase
	(2.50%)	Discount	(4.50%)
		Rate (3.50%)	
County's Total OPEB Liability	\$ 551,627	\$ 506,355	\$ 465,250
School Board's Total OPEB Liability	\$ 2,861,515	\$ 2,647,422	\$ 2,445,116

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

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

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

	Rates		
	1% Decrease in Trend Rate	Healthcare Cost Trend Rate	1% Increase in Trend Rate
County's Total OPEB Liability	\$ 446,242	\$ 506,355	\$ 577,093

	Rates		
	1% Decrease in Trend Rate	Healthcare Cost Trend Rate	1% Increase in Trend Rate
School Board's Total OPEB Liability	\$ 2,325,213	\$ 2,647,422	\$ 3,027,375

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

For the year ended June 30, 2019, the County and School Board recognized OPEB expense in the amount of \$96,015 and \$228,355, respectively. At June 30, 2018, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
County:		
Differences between expected and actual experience	\$ 237,784	\$ -
Changes of assumptions	50,658	4,159
Total	<u>\$ 288,442</u>	<u>\$ 4,159</u>
School Board:		
Differences between expected and actual experience	\$ -	\$ 197,452
Changes of assumptions	355,955	63,485
Total	<u>\$ 355,955</u>	<u>\$ 260,937</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

<u>Year Ended June 30</u>	<u>County</u>	<u>School Board</u>
2020	\$ 21,312	\$ 50,905
2021	21,312	50,905
2021	21,312	50,905
2022	21,312	50,905
2023	21,312	50,905
Thereafter	(11,542)	29,758

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

Line of Duty Act (LODA) Program:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Benefit Amounts:

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, the health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by the LODA.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2019 was \$705.77 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$49,756 and \$36,311 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of \$1,069,000 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2018 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of that date. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2018, the entity's proportion was 0.34091% as compared to 0.33274% at June 30, 2017.

For the year ended June 30, 2019, the entity recognized LODA OPEB expense of \$86,000. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

At June 30, 2019, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 153,000	\$ -
Net difference between projected and actual earnings on LODA OPEB plan investments	-	3,000
Change in assumptions	-	123,000
Change in proportion	20,000	17,000
Employer contributions subsequent to the measurement date	<u>49,756</u>	<u>-</u>
Total	<u>\$ 222,756</u>	<u>\$ 143,000</u>

\$49,756 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2020	\$ 4,000
2021	4,000
2022	4,000
2023	4,000
2024	5,000
Thereafter	9,000

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
Locality employees	3.50%-4.75%
Medical cost trend rates assumption:	
Under age 65	7.75%-5.00%
Ages 65 and older	5.75%-5.00%
Year of ultimate trend rate	Fiscal year ended 2024
Investment rate of return	3.89%, net of OPEB plan investment expenses, including inflation*

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Net LODA OPEB Liability

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

	LODA Program
Total LODA OPEB Liability	\$ 315,395
Plan Fiduciary Net Position	1,889
Employers' Net OPEB Liability (Asset)	<u>\$ 313,506</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	0.60%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.56% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 7.00% assumption. Instead, the assumed annual rate of return of 3.56% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2018.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.89%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2018, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.89%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.89%) or one percentage point higher (4.89%) than the current rate:

	Discount Rate		
	1% Decrease (2.89%)	Current (3.89%)	1% Increase (4.89%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 1,225,000	\$ 1,069,000	\$ 944,000

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

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

	Health Care Trend Rates		
	1% Decrease (6.75% decreasing to 4.00%)	Current (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 6.00%)
County's proportionate share of the total LODA Net OPEB Liability	\$ 911,000	\$ 1,069,000	\$ 1,266,000

LODA OPEB Fiduciary Net Position

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 15—Other Postemployment Benefits: (Continued)

Primary Government and Component Unit School Board

Aggregate OPEB Information

VRS OPEB Plans:	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Primary Government:				
Group Life Insurance Program (Note 15):				
County	\$ 56,757	\$ 48,000	\$ 435,000	\$ 3,000
County Health Insurance Credit Program (Note 15)	3,980	7,034	19,149	2,233
Line of Duty Act Program (Note 15)	222,756	143,000	1,069,000	86,000
County Stand-Alone Plan (Note 15)	288,442	4,159	506,355	96,015
Totals	<u>\$ 571,935</u>	<u>\$ 202,193</u>	<u>\$ 2,029,504</u>	<u>\$ 187,248</u>
Component Unit School Board				
Group Life Insurance Program (Note 15):				
School Board Nonprofessional	16,030	21,000	137,000	(1,000)
School Board Professional	166,161	147,000	1,396,000	9,000
Teacher Health Insurance Credit Program (Note 15)	212,679	60,000	2,744,000	220,000
School Stand-Alone Plan (Note 15)	355,955	260,937	2,647,422	228,355
Totals	<u>\$ 750,825</u>	<u>\$ 488,937</u>	<u>\$ 6,924,422</u>	<u>\$ 456,355</u>

Note 16—Upcoming Pronouncements:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2019 (Continued)

Note 16—Upcoming Pronouncements: (Continued)

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

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Required Supplementary Information

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

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 20,689,049	\$ 20,689,049	\$ 21,392,808	\$ 703,759
Other local taxes	4,509,500	4,509,500	5,142,529	633,029
Permits, privilege fees and regulatory licenses	253,600	253,600	329,425	75,825
Fines and forfeitures	161,500	161,500	63,074	(98,426)
Revenue from use of money and property	36,406	36,406	211,893	175,487
Charges for services	3,621,637	3,670,387	3,027,155	(643,232)
Miscellaneous	2,025	148,325	157,247	8,922
Recovered costs	148,615	148,615	153,844	5,229
Intergovernmental:				
Commonwealth	6,148,830	6,323,110	5,674,999	(648,111)
Federal	1,398,080	1,515,671	1,625,040	109,369
Total revenues	\$ 36,969,242	\$ 37,456,163	\$ 37,778,014	\$ 321,851
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 111,259	\$ 145,259	\$ 145,212	\$ 47
General and financial administration:				
County administrator	\$ 567,423	\$ 587,423	\$ 586,326	\$ 1,097
Legal services	70,843	70,843	62,669	8,174
Independent auditor	59,900	59,900	46,500	13,400
Commissioner of the Revenue	232,755	232,755	228,261	4,494
Reassessment	69,692	69,692	66,540	3,152
Treasurer	314,525	363,275	345,613	17,662
Computer technology	137,850	137,850	109,547	28,303
Vehicle maintenance facility	1,093,937	1,093,937	936,889	157,048
Total general and financial administration	\$ 2,546,925	\$ 2,615,675	\$ 2,382,345	\$ 233,330
Board of Elections:				
Electoral board and officials	\$ 148,237	\$ 148,237	\$ 132,498	\$ 15,739
Total general government administration	\$ 2,806,421	\$ 2,909,171	\$ 2,660,055	\$ 249,116

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

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 70,899	\$ 78,429	\$ 77,434	\$ 995
Combined Courts	10,990	10,990	6,677	4,313
Special magistrates	900	900	416	484
Juvenile and domestic relations district court	16,896	16,896	18,151	(1,255)
Clerk of the circuit court	368,069	378,814	337,910	40,904
Victim and witness assistance	79,878	87,966	71,974	15,992
Total courts	\$ 547,632	\$ 573,995	\$ 512,562	\$ 61,433
Commonwealth's attorney:				
Commonwealth's attorney	\$ 323,124	\$ 376,870	\$ 355,071	\$ 21,799
Total judicial administration	\$ 870,756	\$ 950,865	\$ 867,633	\$ 83,232
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 3,211,596	\$ 3,236,561	\$ 3,007,657	\$ 228,904
Technology grant	-	5,061	2,997	2,064
DMV overtime grant	-	7,925	5,112	2,813
School resource officer	214,898	214,898	182,351	32,547
Byrne grant	-	61,530	59,772	1,758
Forfeited property	-	16,662	2,804	13,858
Donations	-	45,492	18,385	27,107
Emergency 911 system	708,079	709,772	600,079	109,693
Grant expenditures	-	11,746	7,394	4,352
Total law enforcement and traffic control	\$ 4,134,573	\$ 4,309,647	\$ 3,886,551	\$ 423,096
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 1,029,100	\$ 1,056,509	\$ 1,056,508	\$ 1
Other fire and rescue	986,625	986,625	872,981	113,644
Total fire and rescue services	\$ 2,015,725	\$ 2,043,134	\$ 1,929,489	\$ 113,645
Correction and detention:				
Confinement of prisoners	\$ 2,038	\$ 2,038	\$ 1,388	\$ 650
Payment to regional jail	1,428,260	1,428,260	1,328,260	100,000
Juvenile detention homes	133,807	133,807	130,690	3,117
Total correction and detention	\$ 1,564,105	\$ 1,564,105	\$ 1,460,338	\$ 103,767

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

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Public Safety: (continued)				
Inspections:				
Building	\$ 321,510	\$ 321,510	\$ 309,269	\$ 12,241
Other protection:				
Animal shelter	\$ 105,941	\$ 233,380	\$ 126,025	\$ 107,355
Civil defense	125,129	148,371	141,102	7,269
Animal control	142,751	142,751	127,283	15,468
Medical examiner	160	220	220	-
Total other protection	\$ 373,981	\$ 524,722	\$ 394,630	\$ 130,092
Total public safety	\$ 8,409,894	\$ 8,763,118	\$ 7,980,277	\$ 782,841
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 1,426,278	\$ 1,426,278	\$ 1,719,679	\$ (293,401)
Maintenance of general buildings and grounds:				
General properties	\$ 533,824	\$ 650,357	\$ 603,546	\$ 46,811
Total public works	\$ 1,960,102	\$ 2,076,635	\$ 2,323,225	\$ (246,590)
Health and welfare:				
Health:				
Local health department	\$ 262,613	\$ 262,613	\$ 262,613	\$ -
Mental health and mental retardation:				
Chapter X board	\$ 105,294	\$ 105,294	\$ 105,294	\$ -
Welfare:				
Welfare administration and public assistance	\$ 1,710,814	\$ 1,803,677	\$ 1,566,695	\$ 236,982
Comprehensive services act	1,400,000	1,400,000	943,787	456,213
Area agency on aging	112,546	115,612	115,612	-
Piedmont regional dental clinic	5,000	5,000	2,500	2,500
Tax relief for the elderly	-	-	274,985	(274,985)
Shelter for help in emergency	3,060	3,060	3,060	-
Community corrections	9,372	9,372	9,372	-
Total welfare	\$ 3,240,792	\$ 3,336,721	\$ 2,916,011	\$ 420,710
Total health and welfare	\$ 3,608,699	\$ 3,704,628	\$ 3,283,918	\$ 420,710

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

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Education:				
Contributions to community colleges	\$ 40,853	\$ 40,853	\$ 40,853	\$ -
Contribution to Component Unit - School Board	17,491,209	17,491,209	16,198,728	1,292,481
Total education	\$ 17,532,062	\$ 17,532,062	\$ 16,239,581	\$ 1,292,481
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 236,175	\$ 236,175	\$ 190,296	\$ 45,879
Library:				
Regional library	\$ 407,438	\$ 407,438	\$ 407,367	\$ 71
Total parks, recreation, and cultural	\$ 643,613	\$ 643,613	\$ 597,663	\$ 45,950
Community development:				
Planning and community development:				
Planning	\$ 405,199	\$ 664,048	\$ 387,884	\$ 276,164
Community development	1,573,009	1,580,676	1,420,912	159,764
Zoning board	6,940	6,940	3,674	3,266
Economic development	359,410	359,410	382,636	(23,226)
Total planning and community development	\$ 2,344,558	\$ 2,611,074	\$ 2,195,106	\$ 415,968
Environmental management:				
Soil and water conservation district	\$ 18,920	\$ 18,920	\$ 18,920	\$ -
Environmental management	78,414	79,415	79,409	6
Total environmental management	\$ 97,334	\$ 98,335	\$ 98,329	\$ 6
Cooperative extension program:				
VPI extension program	\$ 64,340	\$ 64,340	\$ 54,674	\$ 9,666
Total community development	\$ 2,506,232	\$ 2,773,749	\$ 2,348,109	\$ 425,640
Nondepartmental:				
Miscellaneous	\$ 215,100	\$ 157,858	\$ 69,523	\$ 88,335

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

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Capital projects:				
E-911 project	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Office building renovations	244,216	19,682	-	19,682
Reservoir	-	412,500	412,500	-
Water plant	-	599,938	522,235	77,703
Consulting services	20,000	20,000	16,548	3,452
Sewer project	100,000	8,907	8,906	1
Water system Improvements	100,000	3,127	3,127	-
Communication facilities	45,000	45,000	19,740	25,260
Motor vehicles	-	-	98,835	(98,835)
Recreation facilities	15,000	28,312	-	28,312
Total capital projects	\$ 549,216	\$ 1,162,466	\$ 1,081,891	\$ 80,575
Debt service:				
Principal retirement	\$ 1,844,799	\$ 1,844,799	\$ 662,892	\$ 1,181,907
Interest and fiscal charges	1,047,231	1,118,752	361,208	757,544
Total debt service	\$ 2,892,030	\$ 2,963,551	\$ 1,024,100	\$ 1,939,451
Total expenditures	\$ 41,994,125	\$ 43,637,716	\$ 38,475,975	\$ 5,161,741
Excess (deficiency) of revenues over (under) expenditures	\$ (5,024,883)	\$ (6,181,553)	\$ (697,961)	\$ 5,483,592
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 100,421	\$ 100,421
Issuance of bond anticipation note	-	-	2,100,000	2,100,000
Transfers out	-	-	(2,132,908)	(2,132,908)
Total other financing sources (uses)	\$ -	\$ -	\$ 67,513	\$ 67,513
Change in fund balance	\$ (5,024,883)	\$ (6,181,553)	\$ (630,448)	\$ 5,551,105
Fund balance at beginning of year	4,774,883	5,931,553	17,072,708	11,141,155
Fund balance at end of year	\$ (250,000)	\$ (250,000)	\$ 16,442,260	\$ 16,692,260

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 610,548	\$ 650,866	\$ 626,524	\$ 594,337	\$ 589,783
Interest	1,354,783	1,351,099	1,242,379	1,176,121	1,105,478
Differences between expected and actual experience	91,851	(778,858)	486,106	(80,467)	-
Changes in assumptions	-	(329,914)	-	-	-
Benefit payments, including refunds of employee contribution	(874,033)	(807,101)	(796,628)	(690,252)	(681,899)
Net change in total pension liability	\$ 1,183,149	\$ 86,092	\$ 1,558,381	\$ 999,739	\$ 1,013,362
Total pension liability - beginning	19,791,062	19,704,970	18,146,589	17,146,850	16,133,488
Total pension liability - ending (a)	\$ 20,974,211	\$ 19,791,062	\$ 19,704,970	\$ 18,146,589	\$ 17,146,850
Plan fiduciary net position					
Contributions - employer	\$ 494,436	\$ 497,024	\$ 526,301	\$ 534,179	\$ 513,429
Contributions - employee	266,668	266,336	262,882	262,135	242,987
Net investment income	1,434,332	2,118,930	300,700	747,779	2,210,181
Benefit payments, including refunds of employee contribution	(874,033)	(807,101)	(796,628)	(690,252)	(681,899)
Administrative expense	(12,219)	(12,042)	(10,459)	(9,986)	(11,721)
Other	(1,284)	(1,893)	(127)	(158)	116
Net change in plan fiduciary net position	\$ 1,307,900	\$ 2,061,254	\$ 282,669	\$ 843,697	\$ 2,273,093
Plan fiduciary net position - beginning	19,373,466	17,312,212	17,029,543	16,185,846	13,912,753
Plan fiduciary net position - ending (b)	\$ 20,681,366	\$ 19,373,466	\$ 17,312,212	\$ 17,029,543	\$ 16,185,846
County's net pension liability - ending (a) - (b)	\$ 292,845	\$ 417,596	\$ 2,392,758	\$ 1,117,046	\$ 961,004
Plan fiduciary net position as a percentage of the total pension liability	98.60%	97.89%	87.86%	93.84%	94.40%
Covered payroll	\$ 5,442,647	\$ 5,392,875	\$ 5,152,664	\$ 5,064,627	\$ 4,782,184
County's net pension liability as a percentage of covered payroll	5.38%	7.74%	46.44%	22.06%	20.10%

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

Schedule of Changes in Net Pension Liability and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 174,165	\$ 166,262	\$ 195,561	\$ 207,351	\$ 197,556
Interest	585,379	574,020	549,678	529,260	501,192
Differences between expected and actual experience	35,661	(44,670)	(43,785)	(130,804)	-
Changes in assumptions	-	(114,093)	-	-	-
Benefit payments, including refunds of employee contributions	(450,901)	(387,597)	(319,802)	(308,451)	(287,094)
Net change in total pension liability	\$ 344,304	\$ 193,922	\$ 381,652	\$ 297,356	\$ 411,654
Total pension liability - beginning	8,588,011	8,394,089	8,012,437	7,715,081	7,303,427
Total pension liability - ending (a)	\$ 8,932,315	\$ 8,588,011	\$ 8,394,089	\$ 8,012,437	\$ 7,715,081
Plan fiduciary net position					
Contributions - employer	\$ 107,531	\$ 112,198	\$ 168,767	\$ 180,867	\$ 162,035
Contributions - employee	83,240	86,675	85,822	92,428	88,696
Net investment income	626,051	944,674	135,115	341,344	1,019,576
Benefit payments, including refunds of employee contributions	(450,901)	(387,597)	(319,802)	(308,451)	(287,094)
Administrative expense	(5,501)	(5,529)	(4,788)	(4,638)	(5,481)
Other	(554)	(838)	(57)	(73)	54
Net change in plan fiduciary net position	\$ 359,866	\$ 749,583	\$ 65,057	\$ 301,477	\$ 977,786
Plan fiduciary net position - beginning	8,572,729	7,823,146	7,758,089	7,456,612	6,478,826
Plan fiduciary net position - ending (b)	\$ 8,932,595	\$ 8,572,729	\$ 7,823,146	\$ 7,758,089	\$ 7,456,612
School Division's net pension liability - ending (a) - (b)	\$ (280)	\$ 15,282	\$ 570,943	\$ 254,348	\$ 258,469
Plan fiduciary net position as a percentage of the total pension liability	100.00%	99.82%	93.20%	96.83%	96.65%
Covered payroll	\$ 1,724,445	\$ 1,782,774	\$ 1,749,954	\$ 1,865,716	\$ 1,775,867
School Division's net pension liability as a percentage of covered payroll	-0.02%	0.86%	32.63%	13.63%	14.55%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2018

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.22%	0.22%	0.22%	0.21%	0.20%
Employer's Proportionate Share of the Net Pension Liability	\$ 25,259,000	\$ 26,657,000	\$ 30,577,000	\$ 26,993,000	\$ 24,663,000
Employer's Covered Payroll	17,476,871	17,188,041	16,647,396	15,942,460	14,910,035
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.53%	155.09%	183.67%	169.32%	165.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liabilit	74.81%	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - Pension

For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2019	\$ 433,401	\$ 433,401	\$ -	\$ 5,722,529	7.57%
2018	494,434	494,434	-	5,442,647	9.08%
2017	497,024	497,024	-	5,392,875	9.22%
2016	530,209	530,209	-	5,152,664	10.29%
2015	521,150	521,150	-	5,064,627	10.29%
2014	514,085	514,085	-	4,782,184	10.75%
2013	517,848	517,848	-	4,817,190	10.75%
2012	379,987	379,987	-	4,611,496	8.24%
2011	365,916	365,916	-	4,440,726	8.24%
2010	384,107	384,107	-	4,583,617	8.38%
Component Unit School Board (nonprofessional)					
2019	\$ 99,907	\$ 99,907	\$ -	\$ 1,736,515	5.75%
2018	107,551	107,551	-	1,724,445	6.24%
2017	112,642	112,642	-	1,782,774	6.32%
2016	170,446	170,446	-	1,749,954	9.74%
2015	181,721	181,721	-	1,865,716	9.74%
2014	162,137	162,137	-	1,775,867	9.13%
2013	157,288	157,288	-	1,722,757	9.13%
2012	126,647	126,647	-	1,686,384	7.51%
2011	126,754	126,754	-	1,687,804	7.51%
2010	130,052	130,052	-	1,713,470	7.59%
Component Unit School Board (professional)					
2019	\$ 2,577,175	\$ 2,577,175	\$ -	\$ 17,390,744	14.82%
2018	2,777,888	2,777,888	-	17,476,871	15.89%
2017	2,466,470	2,466,470	-	17,188,041	14.35%
2016	2,317,645	2,317,645	-	16,647,396	13.92%
2015	2,294,610	2,294,610	-	15,942,460	14.39%
2014	2,100,800	2,100,800	-	14,910,035	14.09%
2013	1,756,255	1,756,255	-	15,062,224	11.66%
2012	1,714,645	1,714,645	-	15,133,669	11.33%
2011	1,328,309	1,328,309	-	14,830,772	8.96%
2010	1,713,408	1,713,408	-	15,237,092	11.24%

All contributions are from County and School Board records.

Notes to Required Supplementary Information - Pension
For the Year Ended June 30, 2019

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

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

Largest 10 - Non-Hazardous Duty:

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

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

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

Largest 10 - Hazardous Duty:

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Component Unit School Board - Professional Employees

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

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance Program
 For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2018	0.02865%	\$ 435,000	\$ 5,448,831	7.98%	51.22%
2017	0.02924%	440,000	5,392,875	8.16%	48.86%
Component Unit - School Board (nonprofessional):					
2018	0.00907%	\$ 137,000	\$ 1,724,445	7.94%	51.22%
2017	0.00967%	146,000	1,782,774	8.19%	48.86%
Component Unit - School Board (professional):					
2018	0.09191%	\$ 1,396,000	\$ 17,476,871	7.99%	51.22%
2017	0.09318%	1,402,000	17,188,041	8.16%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
County:					
2019	\$ 29,757	\$ 29,757	\$ -	\$ 5,722,529	0.52%
2018	28,552	28,552	-	5,448,831	0.52%
2017	28,000	28,000	-	5,392,875	0.52%
2016	24,747	24,747	-	5,155,725	0.48%
2015	24,310	24,310	-	5,064,627	0.48%
2014	22,971	22,971	-	4,785,524	0.48%
2013	23,123	23,123	-	4,817,190	0.48%
2012	12,912	12,912	-	4,611,496	0.28%
2011	12,434	12,434	-	4,440,726	0.28%
2010	9,295	9,295	-	3,442,745	0.27%
Component Unit - School Board (nonprofessional):					
2019	\$ 9,030	\$ 9,030	\$ -	\$ 1,736,515	0.52%
2018	9,036	9,036	-	1,724,445	0.52%
2017	9,270	9,270	-	1,782,774	0.52%
2016	8,400	8,400	-	1,749,954	0.48%
2015	8,955	8,955	-	1,865,716	0.48%
2014	8,524	8,524	-	1,775,867	0.48%
2013	8,269	8,269	-	1,722,757	0.48%
2012	4,722	4,722	-	1,686,384	0.28%
2011	4,726	4,726	-	1,687,804	0.28%
2010	3,320	3,320	-	1,229,629	0.27%
Component Unit - School Board (professional):					
2019	\$ 92,161	\$ 92,161	\$ -	\$ 17,723,233	0.52%
2018	91,606	91,606	-	17,476,871	0.52%
2017	89,378	89,378	-	17,188,041	0.52%
2016	79,854	79,854	-	16,636,220	0.48%
2015	76,535	76,535	-	15,944,776	0.48%
2014	71,639	71,639	-	14,924,718	0.48%
2013	72,278	72,278	-	15,057,891	0.48%
2012	42,369	42,369	-	15,131,763	0.28%
2011	41,513	41,513	-	14,825,938	0.28%
2010	29,162	29,162	-	10,800,836	0.27%

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

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

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

Teachers

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

	2018	2017
Total HIC OPEB Liability		
Service cost	\$ 2,242	\$ 2,275
Interest	7,315	7,456
Differences between expected and actual experience	(1,609)	-
Changes in assumptions	-	(5,238)
Benefit payments	(8,429)	(4,586)
Net change in total HIC OPEB liability	\$ (481)	\$ (93)
Total HIC OPEB Liability - beginning	108,713	108,806
Total HIC OPEB Liability - ending (a)	\$ 108,232	\$ 108,713
Plan fiduciary net position		
Contributions - employer	\$ 3,924	\$ 3,784
Net investment income	6,144	9,137
Benefit payments	(8,429)	(4,586)
Administrative expense	(140)	(147)
Other	(465)	465
Net change in plan fiduciary net position	\$ 1,034	\$ 8,653
Plan fiduciary net position - beginning	88,049	79,396
Plan fiduciary net position - ending (b)	\$ 89,083	\$ 88,049
County's net HIC OPEB liability - ending (a) - (b)	\$ 19,149	\$ 20,664
Plan fiduciary net position as a percentage of the total HIC OPEB liability	82.31%	80.99%
Covered payroll	\$ 2,065,092	\$ 1,991,416
County's net HIC OPEB liability as a percentage of covered payroll	0.93%	1.04%

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

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

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

2018	0.21610% \$	2,744,000 \$	17,476,871	15.70%	8.08%
2017	0.21779%	2,763,000	17,188,041	16.08%	7.04%

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

Schedule of Employer Contributions
Health Insurance Credit (HIC) Program
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2019	\$ 3,980	\$ 3,980	\$ -	\$ 2,094,748	0.19%
2018	3,924	3,924	-	2,065,092	0.19%
2017	3,784	3,784	-	1,991,416	0.19%
2016	3,449	3,449	-	1,916,093	0.18%
2015	3,451	3,451	-	1,917,345	0.18%
2014	1,587	1,587	-	1,762,920	0.09%
2013	4,347	4,347	-	4,829,740	0.09%
2012	5,534	5,534	-	4,611,496	0.12%
2011	5,329	5,329	-	4,440,726	0.12%
2010	7,792	7,792	-	4,583,617	0.17%
School Board - Professional:					
2019	\$ 212,679	\$ 212,679	\$ -	\$ 17,723,233	1.20%
2018	214,967	214,967	-	17,476,871	1.11%
2017	190,787	190,787	-	17,188,041	1.11%
2016	176,344	176,344	-	16,636,220	1.06%
2015	169,015	169,015	-	15,944,776	1.06%
2014	165,664	165,664	-	14,924,718	1.11%
2013	167,191	167,191	-	15,062,224	1.11%
2012	90,803	90,803	-	15,133,869	0.60%
2011	88,956	88,956	-	14,825,938	0.60%
2010	112,329	112,329	-	10,800,836	1.04%

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

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

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

Health Insurance Credit Program - Primary Government:

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Teacher Health Insurance Credit Program - School Board - Professional:

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

OPEB - Health Insurance Plan
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
County:		
Total OPEB liability		
Service cost	\$ 28,236	\$ 5,681
Interest	16,874	4,785
Effect of economic/demographic gains or losses	280,246	-
Effect of assumptions changes or inputs	59,704	(5,365)
Benefit payments	(12,350)	(4,953)
Net change in total OPEB liability	\$ 372,710	\$ 148
Total OPEB liability - beginning	133,645	133,497
Total OPEB liability - ending	<u>\$ 506,355</u>	<u>\$ 133,645</u>
Covered employee payroll	\$ 5,594,793	\$ 5,112,500
County's total OPEB liability (asset) as a percentage of covered employee payroll	9.05%	2.61%
School Board:		
Total OPEB liability		
Service cost	\$ 121,219	\$ 145,601
Interest	85,824	85,683
Effect of economic/demographic gains or losses	(236,168)	-
Effect of assumptions changes or inputs	425,750	(83,019)
Benefit payments	(162,129)	(74,994)
Net change in total OPEB liability	\$ 234,496	\$ 73,271
Total OPEB liability - beginning	2,412,926	2,339,655
Total OPEB liability - ending	<u>\$ 2,647,422</u>	<u>\$ 2,412,926</u>
Covered employee payroll	\$ 19,840,551	\$ 18,478,000
School Boards total OPEB liability (asset) as a percentage of covered employee payroll	13.34%	13.06%

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

OPEB - Health Insurance Plan
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

Valuation Date: 7/1/2018
Measurement Date: 6/30/2019

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

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

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

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2018 and 2017

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2018	0.34091% \$	1,069,000 \$	N/A	N/A	0.60%
2017	0.33274%	874,000	N/A	N/A	1.30%

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

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

Schedule of Employer Contributions

Line of Duty Act (LODA) Program

For the Years Ended June 30, 2016 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2019	\$ 49,756	\$ 49,756	\$ -	N/A	N/A
2018	36,311	36,311	-	N/A	N/A
2017	37,000	37,000	-	N/A	N/A
2016	33,206	33,206	-	N/A	N/A

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

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

Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2019

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

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

Employees in the Largest Ten Locality Employers with Public Safety Employees

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

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

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

Other Supplementary Information

Combining and Individual Fund Financial Statements and Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - Debt Service Fund
 For the Year Ended June 30, 2019

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 995,141	\$ 995,141
Total revenues	\$ -	\$ -	\$ 995,141	\$ 995,141
Expenditures:				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,364,983	\$ (1,364,983)
Interest and fiscal charges	-	-	767,925	(767,925)
Total debt service	\$ -	\$ -	\$ 2,132,908	\$ (2,132,908)
Total expenditures	\$ -	\$ -	\$ 2,132,908	\$ (2,132,908)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (1,137,767)	\$ (1,137,767)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 2,132,908	\$ 2,132,908
Total other financing sources (uses)	\$ -	\$ -	\$ 2,132,908	\$ 2,132,908
Change in fund balance	\$ -	\$ -	\$ 995,141	\$ 995,141
Fund balance at beginning of year	-	-	996,671	996,671
Fund balance at end of year	\$ -	\$ -	\$ 1,991,812	\$ 1,991,812

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 48,311	\$ 3,515	\$ 450	\$ 51,376
Liabilities:				
Amounts held for social services clients	\$ 48,311	\$ 3,515	\$ 450	\$ 51,376

Discretely Presented Component Unit-School Board

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 53,521	\$ 53,521
Due from primary government	1,580,210	-	1,580,210
Due from other governmental units	601,512	-	601,512
Prepaid items	36,890	-	36,890
Total assets	<u>\$ 2,218,612</u>	<u>\$ 53,521</u>	<u>\$ 2,272,133</u>
LIABILITIES			
Accounts payable	\$ 802,396	\$ -	\$ 802,396
Accrued liabilities	1,416,216	-	1,416,216
Total liabilities	<u>\$ 2,218,612</u>	<u>\$ -</u>	<u>\$ 2,218,612</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 36,890	\$ -	\$ 36,890
Committed:			
Education	(36,890)	53,521	16,631
Total fund balances	<u>\$ -</u>	<u>\$ 53,521</u>	<u>\$ 53,521</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:			
Total fund balances per above			\$ 53,521
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 127,800	
Buildings and improvements		10,586,785	
Equipment		2,072,386	12,786,971
The net pension asset in governmental activities is not a financial resource and, therefore, is not reported in the funds			
Net pension asset			280
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 3,612,171	
OPEB related items		750,825	4,362,996
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases		\$ (663,430)	
Compensated absences		(389,664)	
Net pension liability		(25,259,000)	
Net OPEB liabilities		(6,924,422)	(33,236,516)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (3,221,078)	
OPEB related items		(488,937)	(3,710,015)
Net Position of Discretely Presented Component Unit - School Board			<u>\$ (19,742,763)</u>

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

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenues:			
Revenue from use of money and property	\$ 8,905	\$ -	\$ 8,905
Charges for services	4,162	457,133	461,295
Miscellaneous	267,685	10,685	278,370
Recovered costs	620,388	-	620,388
Intergovernmental:			
County contribution to School Board	16,198,728	-	16,198,728
Commonwealth	19,260,197	-	19,260,197
Federal	2,246,119	-	2,246,119
Total revenues	\$ 38,606,184	\$ 467,818	\$ 39,074,002
Expenditures:			
Current:			
Education	\$ 34,978,408	\$ 1,340,919	\$ 36,319,327
Debt service:			
Principal retirement	1,466,247	-	1,466,247
Interest	1,673,648	-	1,673,648
Total expenditures	\$ 38,118,303	\$ 1,340,919	\$ 39,459,222
Excess (deficiency) of revenues over (under) expenditures	\$ 487,881	\$ (873,101)	\$ (385,220)
Other financing sources (uses):			
Issuance of capital leases	\$ 406,049	\$ -	\$ 406,049
Transfers in	-	893,930	893,930
Transfers (out)	(893,930)	-	(893,930)
Total other financing sources (uses)	\$ (487,881)	\$ 893,930	\$ 406,049
Change in fund balance	\$ -	\$ 20,829	\$ 20,829
Fund balance at beginning of year	-	32,692	32,692
Fund balance at end of year	\$ -	\$ 53,521	\$ 53,521

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

		<u>Component Unit School Board</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	20,829
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$ 419,994	
Transfer of joint tenancy assets from Primary Government to the Component Unit	715,625	
Depreciation expense	<u>(951,340)</u>	184,279
The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. A summary of items supporting this adjustment is as follows:		
Capital lease proceeds	\$ (406,049)	
Principal retired on capital lease obligations	<u>281,927</u>	(124,122)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the changes in compensated absences, net OPEB liabilities, and accrued interest payable, etc.		
Change in compensated absences	\$ 6,037	
Pension expense	1,037,592	
OPEB expense	<u>20,034</u>	1,063,663
Change in net position of governmental activities	\$	<u><u>1,144,649</u></u>

COUNTY OF GREENE, VIRGINIA

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

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2019

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 82,500	\$ 82,500	\$ 8,905	\$ (73,595)
Charges for services	145,000	145,000	4,162	(140,838)
Miscellaneous	314,500	314,500	267,685	(46,815)
Recovered costs	656,000	656,000	620,388	(35,612)
Intergovernmental:				
County contribution to School Board	17,491,209	17,491,209	16,198,728	(1,292,481)
Commonwealth	19,550,850	19,550,850	19,260,197	(290,653)
Federal	1,942,924	1,942,924	2,246,119	303,195
Total revenues	\$ 40,182,983	\$ 40,182,983	\$ 38,606,184	\$ (1,576,799)
Expenditures:				
Current:				
Education				
Instruction	\$ 29,928,900	\$ 29,928,900	\$ 28,315,322	\$ 1,613,578
Administration, attendance and health	1,748,283	1,748,283	1,629,544	118,739
Pupil transportation	1,974,869	1,974,869	2,069,327	(94,458)
Operation and maintenance	2,802,852	2,802,852	2,964,215	(161,363)
Facilities	8,000	8,000	-	8,000
Food service	-	-	-	-
Total education	\$ 36,462,904	\$ 36,462,904	\$ 34,978,408	\$ 1,484,496
Debt service:				
Principal retirement	\$ 1,360,000	\$ 1,360,000	\$ 1,466,247	\$ (106,247)
Interest	1,650,079	1,650,079	1,673,648	(23,569)
Total debt service	\$ 3,010,079	\$ 3,010,079	\$ 3,139,895	\$ (129,816)
Total expenditures	\$ 39,472,983	\$ 39,472,983	\$ 38,118,303	\$ 1,354,680
Excess (deficiency) of revenues over (under) expenditures	\$ 710,000	\$ 710,000	\$ 487,881	\$ (222,119)
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 406,049	\$ 406,049
Transfers in	-	-	-	-
Transfers (out)	(710,000)	(710,000)	(893,930)	(183,930)
Total other financing sources (uses)	\$ (710,000)	\$ (710,000)	\$ (487,881)	\$ 222,119
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 30

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	457,133	457,133
-	-	10,685	10,685
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
\$ -	\$ -	\$ 467,818	\$ 467,818
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,340,919	(1,340,919)
\$ -	\$ -	\$ 1,340,919	\$ (1,340,919)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ 1,340,919	\$ (1,340,919)
\$ -	\$ -	\$ (873,101)	\$ (873,101)
\$ -	\$ -	\$ -	\$ -
-	-	893,930	893,930
-	-	-	-
\$ -	\$ -	\$ 893,930	\$ 893,930
\$ -	\$ -	\$ 20,829	\$ 20,829
-	-	32,692	32,692
\$ -	\$ -	\$ 53,521	\$ 53,521

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Supporting Schedule

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

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary government:				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 15,515,631	\$ 15,515,631	\$ 15,967,153	\$ 451,522
Real and personal public service corporation taxes	501,977	501,977	354,271	(147,706)
Personal property taxes	4,140,485	4,140,485	4,486,625	346,140
Mobile home taxes	54,102	54,102	-	(54,102)
Machinery and tools taxes	151,854	151,854	271,056	119,202
Penalties	215,000	215,000	212,116	(2,884)
Interest	110,000	110,000	101,587	(8,413)
Total general property taxes	\$ 20,689,049	\$ 20,689,049	\$ 21,392,808	\$ 703,759
Other local taxes:				
Local sales and use taxes	\$ 1,920,000	\$ 1,920,000	\$ 2,125,077	\$ 205,077
Consumer utility taxes	415,000	415,000	430,447	15,447
Business license taxes	505,000	505,000	693,149	188,149
Motor vehicle licenses	445,000	445,000	469,023	24,023
Bank stock taxes	60,000	60,000	74,011	14,011
Taxes on recordation and wills	239,500	239,500	310,088	70,588
Transient lodging taxes	210,000	210,000	305,331	95,331
Meals taxes	715,000	715,000	735,403	20,403
Total other local taxes	\$ 4,509,500	\$ 4,509,500	\$ 5,142,529	\$ 633,029
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 8,500	\$ 8,500	\$ 7,102	\$ (1,398)
Other permits and licenses	245,100	245,100	322,323	77,223
Total permits, privilege fees and regulatory licenses	\$ 253,600	\$ 253,600	\$ 329,425	\$ 75,825
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 161,500	\$ 161,500	\$ 63,074	\$ (98,426)
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 175,483	\$ 175,483
Revenue from use of property	36,406	36,406	36,410	4
Total revenue from use of money and property	\$ 36,406	\$ 36,406	\$ 211,893	\$ 175,487

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ 1,400	\$ 1,400	\$ 977	\$ (423)
Law library fees	1,500	1,500	1,675	175
Courthouse maintenance	42,500	42,500	31,299	(11,201)
Commonwealth attorney fees	1,500	1,500	1,582	82
Dog pound fees	7,000	7,000	10,471	3,471
Charges for transportation services	333,125	333,125	115,653	(217,472)
DMV stop fees	-	48,750	49,971	1,221
After school program fees	260,500	260,500	93,879	(166,621)
Parks and recreation	50,000	50,000	54,747	4,747
Vehicle maintenance facility	550,000	550,000	633,230	83,230
Charges for landfill operations	1,164,852	1,164,852	1,560,135	395,283
Revenue recovery	310,000	310,000	473,365	163,365
Charges for water/sewer	899,040	899,040	-	(899,040)
Other charges for services	220	220	171	(49)
Total charges for services	\$ 3,621,637	\$ 3,670,387	\$ 3,027,155	\$ (643,232)
Miscellaneous:				
Donations	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Miscellaneous	25	146,325	157,247	10,922
Total miscellaneous	\$ 2,025	\$ 148,325	\$ 157,247	\$ 8,922
Recovered costs:				
State health department reimbursement	\$ -	\$ -	\$ 14,150	\$ 14,150
Expenditure refunds	148,615	148,615	139,694	(8,921)
Total recovered costs	\$ 148,615	\$ 148,615	\$ 153,844	\$ 5,229
Total revenue from local sources	\$ 29,422,332	\$ 29,617,382	\$ 30,477,975	\$ 860,593
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 14,000	\$ 14,000	\$ 17,910	\$ 3,910
Auto rental tax	5,000	5,000	6,196	1,196
Motor vehicle titling tax	19,000	40,981	40,980	(1)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Tax on deeds	\$ 63,000	\$ 63,000	\$ 77,012	\$ 14,012
Rolling stock tax	150	150	193	43
Communication sales and use taxes	465,000	465,000	417,902	(47,098)
Personal property tax relief act	2,249,911	2,249,911	2,249,911	-
Total noncategorical aid	\$ 2,816,061	\$ 2,838,042	\$ 2,810,104	\$ (27,938)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 236,072	\$ 236,072	\$ 239,252	\$ 3,180
Sheriff	850,544	850,544	846,698	(3,846)
Commissioner of the Revenue	81,478	81,478	82,456	978
Treasurer	79,648	79,648	79,955	307
Registrar/electoral board	37,500	37,500	37,500	-
Clerk of the Circuit Court	188,865	188,865	197,216	8,351
Total shared expenses	\$ 1,474,107	\$ 1,474,107	\$ 1,483,077	\$ 8,970
Other categorical aid:				
Law enforcement grants	\$ 61,432	\$ 17,500	\$ 15,855	\$ (1,645)
Litter control	6,200	6,200	6,207	7
Fire programs fund	57,000	62,428	62,428	-
Section 18 transportation grant	380,055	380,055	173,741	(206,314)
Juvenile Justice	7,596	7,596	7,596	-
E-911 wireless grant	49,000	49,000	56,612	7,612
Forfeited Property	-	12,896	12,896	-
Public assistance	376,379	469,242	336,970	(132,272)
Domestic violence	-	45,000	67,499	22,499
Children's services	896,000	896,000	593,218	(302,782)
USDA grant	25,000	25,000	14,369	(10,631)
Other categorical aid	-	40,044	34,427	(5,617)
Total other categorical aid	\$ 1,858,662	\$ 2,010,961	\$ 1,381,818	\$ (629,143)
Total categorical aid	\$ 3,332,769	\$ 3,485,068	\$ 2,864,895	\$ (620,173)
Total revenue from the Commonwealth	\$ 6,148,830	\$ 6,323,110	\$ 5,674,999	\$ (648,111)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 44,927	\$ 44,927	\$ 46,836	\$ 1,909
Categorical aid:				
Welfare administration and assistance	\$ 821,191	\$ 821,191	\$ 835,794	\$ 14,603
Federal portion of children's services act	-	-	5,181	5,181
Section 18 transportation grant	531,962	531,962	612,355	80,393
Bulletproof vest grant	-	5,061	3,621	(1,440)
Transportation safety grant	-	-	13,917	13,917
Byrne grant	-	60,030	59,772	(258)
Safety grants	-	52,500	47,564	(4,936)
Total categorical aid	\$ 1,353,153	\$ 1,470,744	\$ 1,578,204	\$ 107,460
Total revenue from the federal government	\$ 1,398,080	\$ 1,515,671	\$ 1,625,040	\$ 109,369
Total general fund	\$ 36,969,242	\$ 37,456,163	\$ 37,778,014	\$ 321,851
Debt service fund:				
Revenue from local sources:				
Charges for services:				
Sewer EDU charges	\$ -	\$ -	\$ 90,000	\$ 90,000
User fees	-	-	855,141	855,141
Water EDU charges	-	-	50,000	50,000
Total charges for services	\$ -	\$ -	\$ 995,141	\$ 995,141
Total debt service fund	\$ -	\$ -	\$ 995,141	\$ 995,141
Total Primary Government	\$ 36,969,242	\$ 37,456,163	\$ 38,773,155	\$ 1,316,992
School capital projects fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ 295,194	\$ 434,386	\$ 139,192
Intergovernmental:				
School board contribution	\$ -	\$ -	\$ 51,730	\$ 51,730
Total school capital projects fund	\$ -	\$ 295,194	\$ 486,116	\$ 190,922

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 82,500	\$ 82,500	\$ 8,905	\$ (73,595)
Charges for services:				
Charges for education	\$ 145,000	\$ 145,000	\$ 4,162	\$ (140,838)
Miscellaneous:				
Expenditure refunds	\$ 135,000	\$ 135,000	\$ 115,575	\$ (19,425)
Miscellaneous	179,500	179,500	152,110	(27,390)
Total miscellaneous	\$ 314,500	\$ 314,500	\$ 267,685	\$ (46,815)
Recovered costs:				
Other payments from another county or city	\$ 656,000	\$ 656,000	\$ 620,388	\$ (35,612)
Total revenue from local sources	\$ 1,198,000	\$ 1,198,000	\$ 901,140	\$ (296,860)
Intergovernmental:				
County contribution to School Board	\$ 17,491,209	\$ 17,491,209	\$ 16,198,728	\$ (1,292,481)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,583,415	\$ 3,583,415	\$ 3,694,117	\$ 110,702
Basic school aid	9,586,580	9,586,580	9,254,702	(331,878)
GED	7,859	7,859	-	(7,859)
Remedial summer school	74,351	74,351	77,778	3,427
Remedial education - SOQ	291,955	291,955	283,090	(8,865)
Special education - SOQ	947,854	947,854	919,074	(28,780)
Textbook	201,349	201,349	195,235	(6,114)
Vocational standards of quality payments	299,954	299,954	290,846	(9,108)
Fringe benefits	1,807,722	1,807,722	1,752,833	(54,889)
Lottery	-	-	706,077	706,077
Regional program payments	761,297	761,297	692,306	(68,991)
Primary class size reduction	314,218	314,218	293,876	(20,342)
Technology	180,000	180,000	180,000	-
Other state funds	1,494,296	1,494,296	920,263	(574,033)
Total categorical aid	\$ 19,550,850	\$ 19,550,850	\$ 19,260,197	\$ (290,653)
Total revenue from the Commonwealth	\$ 19,550,850	\$ 19,550,850	\$ 19,260,197	\$ (290,653)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2019 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 375,000	\$ 375,000	\$ 419,228	\$ 44,228
Title VI-B	580,000	580,000	829,325	249,325
Student support and academic enrichment	-	-	5,565	5,565
Tech assistive	2,500	2,500	-	(2,500)
School food program grant	704,270	704,270	745,524	41,254
Pre-school SPED	23,000	23,000	26,814	3,814
Vocational education	43,154	43,154	4,562	(38,592)
Title III-ESL	10,000	10,000	9,550	(450)
BAB subsidy	120,000	120,000	123,025	3,025
Title II part A	85,000	85,000	82,526	(2,474)
Total revenue from the federal government	\$ 1,942,924	\$ 1,942,924	\$ 2,246,119	\$ 303,195
Total school operating fund	\$ 40,182,983	\$ 40,182,983	\$ 38,606,184	\$ (1,576,799)
School cafeteria fund:				
Special revenue fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 457,133	\$ 457,133
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 10,685	\$ 10,685
Total revenue from local sources	\$ -	\$ -	\$ 467,818	\$ 467,818
Total school cafeteria fund	\$ -	\$ -	\$ 467,818	\$ 467,818
Total Revenues -- Component Unit -- School Board	\$ 40,182,983	\$ 40,182,983	\$ 39,074,002	\$ (1,108,981)

Statistical Information

COUNTY OF GREENE, VIRGINIA

Government-Wide Expenses by Function Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education
2009-10	\$ 2,317,597	\$ 728,288	\$ 5,168,726	\$ 2,157,064	\$ 3,141,865	\$ 9,977,710
2010-11	2,413,341	750,008	5,647,390	1,619,192	3,268,889	10,645,122
2011-12	2,569,601	796,212	5,925,042	1,668,381	3,283,874	10,876,226
2012-13	2,980,297	857,949	6,446,145	1,633,036	3,359,730	13,691,015
2013-14	2,951,965	872,678	6,524,622	1,556,202	3,356,783	13,111,319
2014-15	3,073,055	802,988	7,053,193	1,823,774	3,389,971	12,645,242
2015-16	3,044,641	806,765	6,945,379	1,659,669	3,889,018	12,321,340
2016-17	2,837,682	902,271	7,588,646	1,846,387	3,377,197	12,833,070
2017-18	2,939,108	800,347	8,051,591	1,750,612	3,269,928	14,308,304
2018-19	3,371,994	857,381	8,095,205	2,296,909	3,210,295	13,950,905

Table 1

Recreation and Cultural		Community Development	Interest on Long-term Obligations	Total
\$	582,625	\$ 1,694,807	\$ 1,870,527	\$ 27,639,209
	586,531	1,829,783	1,777,149	28,537,405
	655,517	1,896,573	1,714,067	29,385,493
	638,132	2,003,035	1,827,823	33,437,162
	624,675	1,993,591	1,752,620	32,744,455
	613,315	2,081,033	1,976,446	33,459,017
	632,059	2,203,322	1,410,094	32,912,287
	610,767	2,226,695	1,317,618	33,540,333
	629,044	2,193,642	1,943,405	35,885,981
	671,990	2,285,525	2,665,447	37,405,651

COUNTY OF GREENE, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2009-10	\$ 3,643,413	\$ 4,125,296	\$ 202,677
2010-11	4,398,744	4,795,953	-
2011-12	3,891,179	3,892,236	40,000
2012-13	4,036,847	3,947,101	-
2013-14	2,826,399	3,972,855	150,000
2014-15	3,119,888	4,387,697	-
2015-16	3,251,514	4,442,405	-
2016-17	3,057,589	4,287,452	150,000
2017-18	3,493,024	4,284,408	-
2018-19	4,414,795	4,443,099	-

Table 2

General Revenues						
General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Revenues from the Use of Money & Property	Miscellaneous	Total	
\$ 16,501,906	\$ 3,789,119	\$ 2,406,313	\$ 130,067	\$ 200,312	\$ 30,999,103	
16,628,031	4,099,937	2,391,655	53,854	270,759	32,638,933	
16,830,631	3,799,812	2,889,095	53,042	212,158	31,608,153	
16,673,523	4,144,565	2,805,709	46,711	178,807	31,833,263	
17,656,127	4,017,436	2,889,702	40,988	170,215	31,723,722	
17,849,568	4,226,641	2,837,638	51,582	125,203	32,598,217	
18,738,446	4,612,880	2,873,049	46,928	223,848	34,189,070	
19,762,722	4,656,707	2,835,103	43,079	168,015	34,960,667	
20,395,914	4,837,709	2,861,968	409,716	86,852	36,369,591	
21,349,097	5,142,529	2,856,941	646,279	208,977	39,061,717	

COUNTY OF GREENE, VIRGINIA

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

<u>Fiscal Year</u>	<u>General Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>
2009-10	\$ 2,194,470	\$ 651,621	\$ 5,260,704	\$ 1,836,690	\$ 3,161,649
2010-11	2,289,610	673,341	5,770,110	1,810,474	3,275,516
2011-12	2,435,313	719,545	5,706,798	1,609,678	3,288,402
2012-13	2,456,653	772,434	6,159,573	1,523,644	3,255,905
2013-14	2,328,762	832,496	6,483,005	1,448,788	3,360,846
2014-15	2,469,394	818,349	6,691,754	1,664,455	3,423,259
2015-16	2,316,270	816,009	6,696,201	1,538,917	3,940,049
2016-17	2,281,044	869,989	7,426,556	1,600,509	3,432,258
2017-18	2,305,953	825,974	7,907,182	1,683,182	3,325,385
2018-19	2,660,055	867,633	7,980,277	2,323,225	3,283,918

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

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

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

Table 3

	Education		Recreation and Cultural		Community Development		Non- depart- mental		Debt Service		Total
\$	29,708,011	\$	498,169	\$	1,695,747	\$	21,595	\$	2,585,804	\$	47,614,460
	28,886,279		505,441		1,871,410		18,776		2,590,803		47,691,760
	29,961,407		561,145		1,886,835		36,373		2,843,001		49,048,497
	31,054,835		539,347		1,848,327		91,223		2,945,886		50,647,827
	30,644,422		541,705		1,977,558		60,455		3,095,848		50,773,885
	32,704,706		536,156		2,181,858		49,655		3,194,774		53,734,360
	32,478,775		554,630		2,167,341		198,752		3,034,168		53,741,112
	34,401,639		578,896		2,200,711		125,755		2,779,862		55,697,219
	35,950,687		569,272		2,355,107		57,560		2,667,697		57,647,999
	36,360,180		597,663		2,348,109		69,523		4,163,995		60,654,578

COUNTY OF GREENE, VIRGINIA

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

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2009-10	\$ 16,457,255	\$ 3,789,119	\$ 281,684	\$ 183,417	\$ 61,038
2010-11	16,630,394	4,099,937	305,014	168,098	44,914
2011-12	16,271,874	3,799,812	203,805	79,514	50,473
2012-13	17,202,455	4,144,565	209,061	184,442	59,382
2013-14	17,795,002	4,017,436	193,509	171,559	55,395
2014-15	18,093,338	4,226,642	284,761	136,057	122,085
2015-16	18,757,879	4,612,880	252,716	155,638	128,434
2016-17	19,725,650	4,656,707	230,840	169,249	105,905
2017-18	20,292,818	4,837,708	270,775	139,866	160,838
2018-19	21,392,808	5,142,529	329,425	63,074	220,798

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

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

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

Table 4

Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
\$ 2,856,494	\$ 571,305	\$ 709,976	\$ 26,042,415	\$ 50,952,703
2,548,454	652,497	534,874	25,439,456	50,423,638
2,922,714	435,088	487,567	25,048,588	49,299,435
2,915,632	513,359	985,590	24,339,290	50,553,776
2,855,685	420,380	954,224	24,644,956	51,108,146
3,050,282	345,046	878,284	26,947,201	54,083,696
2,680,445	400,014	897,802	27,367,465	55,253,273
2,770,003	510,918	1,104,136	28,041,390	57,314,798
3,076,995	286,087	931,603	28,444,500	58,441,190
3,488,450	435,617	774,232	28,806,355	60,653,288

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1) (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2008-09	\$ 17,946,941	\$ 16,947,660	94.43%	\$ 693,868	\$ 17,641,528	98.30%	\$ 1,469,758	8.19%
2009-10	\$ 18,483,392	\$ 17,711,070	95.82%	\$ 755,110	\$ 18,466,180	99.91%	\$ 1,542,094	8.34%
2010-11	18,468,863	17,905,126	96.95%	728,304	18,633,430	100.89%	1,762,188	9.54%
2011-12	18,545,899	17,525,048	94.50%	723,171	18,248,219	98.39%	1,900,921	10.25%
2012-13	18,649,051	18,076,828	96.93%	1,003,270	19,080,098	102.31%	1,767,242	9.48%
2013-14	18,795,003	18,123,626	96.43%	1,436,339	19,559,965	104.07%	1,364,252	7.26%
2014-15	19,199,591	18,939,576	98.65%	1,057,662	19,997,238	104.15%	1,217,356	6.34%
2015-16	20,160,557	20,088,020	99.64%	597,522	20,685,542	102.60%	1,188,962	5.90%
2016-17	21,016,278	20,603,979	98.04%	1,035,362	21,639,341	102.96%	1,116,143	5.31%
2017-18	21,813,843	21,348,590	97.87%	902,975	22,251,565	102.01%	1,303,455	5.98%
2018-19	22,744,081	22,291,124	98.01%	1,037,892	23,329,016	102.57%	1,363,747	6.00%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Public Service Corporations	Total
2009-10	\$ 1,915,379,116	\$ 98,353,196	\$ 5,467,998	\$ 54,408,605	\$ 2,073,608,915
2010-11	1,894,195,815	101,055,538	5,654,529	54,004,950	2,054,910,832
2011-12	1,870,025,214	107,394,386	3,244,434	55,160,407	2,035,824,441
2012-13	1,823,328,015	111,502,339	1,091,649	58,554,406	1,994,476,409
2013-14	1,781,327,215	110,887,337	358,716	57,338,030	1,949,911,298
2014-15	1,795,290,615	114,485,426	2,415,418	60,309,478	1,972,500,937
2015-16	1,810,957,140	118,927,060	4,017,535	72,610,650	2,006,512,385
2016-17	1,879,683,615	122,945,946	2,915,751	63,325,599	2,068,870,911
2017-18	1,953,445,115	126,820,997	2,618,226	68,323,737	2,151,208,075
2018-19	2,001,474,557	131,462,391	5,909,898	45,228,041	2,184,074,887

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

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year		Real Estate	Personal Property	Machinery and Tools
2009-10	\$	0.69/0.69	\$ 5.00/5.00	\$ 2.00/2.50
2010-11		0.69/0.69	5.00/5.00	2.50/2.50
2011-12		0.69/0.69	5.00/5.00	2.50/2.50
2012-13		0.69/0.72	5.00/5.00	2.50/2.50
2013-14		0.72/0.72	5.00/5.00	2.50/2.50
2014-15		0.72/0.75	5.00/5.00	2.50/2.50
2015-16		0.75/0.775	5.00/5.00	2.50/2.50
2016-17		0.775/0.775	5.00/5.00	2.50/2.50
2017-18		0.775/0.775	5.00/5.00	2.50/2.50
2018-19		0.775/0.82	5.00/5.00	2.50/2.50

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

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

Fiscal Year	Population	Assessed Value	Gross & Net Bonded Debt	Ratio of Net Debt to Assessed Value	Net Bonded Debt per Capita
	(1)	(2)	(3)		
2009-10	18,403	\$ 2,073,608,915	\$ 42,439,783	2.05%	\$ 2,306
2010-11	18,485	2,054,910,832	48,228,153	2.35%	2,609
2011-12	18,484	2,035,824,441	44,887,933	2.20%	2,428
2012-13	18,856	1,994,476,409	44,252,984	2.22%	2,347
2013-14	19,320	1,949,911,298	41,309,088	2.12%	2,138
2014-15	19,618	1,972,500,937	38,523,498	1.95%	1,964
2015-16	19,840	2,006,512,385	35,549,928	1.77%	1,792
2016-17	19,785	2,068,870,911	32,656,383	1.58%	1,651
2017-18	19,959	2,151,208,075	64,627,658	3.00%	3,238
2018-19	19,959	2,184,074,887	63,711,255	2.92%	3,192

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

(2) From Table 6.

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

Schedule of Operating Revenues and Expenditures for Transportation Activity
For the Year Ended June 30, 2019

Revenues:	
State aid	\$ 173,741
Federal aid	612,355
Fare collections	50,025
Greene County contribution for operations	<u>371,416</u>
 Total revenues	 \$ <u>1,207,537</u>
Expenditures:	
Salaries and fringes	\$ 916,428
Materials and other expenditures	<u>291,109</u>
 Total expenditures	 \$ <u>1,207,537</u>
 Excess of revenues over expenditures	 \$ <u><u>-</u></u>

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

Compliance



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of and for the year June 30, 2019, and the related notes to the financial statements, which collectively comprise the County of Greene, Virginia's basic financial statements and have issued our report thereon dated January 27, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

County of Greene, Virginia's Response to Findings

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

Purpose of this Report

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

Robinson, Farmer Cox Associates
Charlottesville, Virginia
January 27, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Greene, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Greene, Virginia's major federal programs for the year ended June 30, 2019. County of Greene, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Greene, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 27, 2020

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
For The Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
Pass through payments:			
Department of Social Services:			
Supplemental Nutrition Assistance Program (SNAP) Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010119/0040119/0050119	\$ 202,125
Total Department of Agriculture			\$ 202,125
<u>DEPARTMENT OF TRANSPORTATION:</u>			
Pass through payments:			
Department of Motor Vehicles:			
Alcohol Open Container Requirements	20.607	154AL-2018-58018-8018/2019-59111-9111	\$ 8,239
Highway Safety Cluster:			
State and Community Highway Safety	20.600	FSC-2018-58038-8038/2019-59350-9350	\$ 5,678
Subtotal Highway Safety Cluster			\$ 5,678
Department of Rail and Public Transportation:			
Formula Grants for Rural Areas	20.509	42018/42019/42518/42519	612,355
Total Department of Transportation			\$ 626,272
<u>DEPARTMENT OF JUSTICE:</u>			
Direct payment:			
Bulletproof Vest Partnership Program	16.607	n/a	\$ 3,621
Pass through payments:			
Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12DJBX0272/15DJBX1062/16DJBX0482	\$ 59,772
Crime Victim Assistance	16.575	16VAGX0036/17VAGX0018	47,564
Total Department of Justice			\$ 110,957
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Pass Through Payments:			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950118/0960118	\$ 3,576
TANF Cluster:			
Temporary Assistance For Needy Families	93.558	0400119/0950118/1110119	114,616
CCFD Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760119	21,300
Refugee and Entrant Assistance - State Administered Programs	93.566	0500119	64
Low-Income Home Energy Assistance	93.568	0600419	17,773
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118	123
Foster care - Title IV-E	93.658	1100119	84,495

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
For The Year Ended June 30, 2019 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (CONTINUED)			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>			
<u>Pass Through Payments: (Continued)</u>			
Department of Social Services: (Continued)			
Adoption Assistance	93.659	1120119	\$ 78,007
Social Services Block Grant	93.667	1000119	85,793
Chafee Foster Care Independence Program	93.674	9150118	2,253
Children's Health Insurance Program	93.767	0540119	4,869
Medicaid Cluster:			
Medical Assistance Program	93.778	1200119	225,981
Total Department of Health and Human Services			\$ 638,850
Total Primary Government			\$ 1,578,204
COMPONENT UNIT-SCHOOL BOARD:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Commodities	10.555	201818N109941/201919N109941	\$ 75,106
Department of Education:			
National School Lunch Program	10.555	201818N109941/201919N109941	490,564
Total Food Commodities and National School Lunch Program			\$ 565,670
School Breakfast Program	10.553	201818N109941/201919N109941	179,854
Total Child Nutrition Cluster			\$ 745,524
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A160046/S010A170046/S010A180046	\$ 419,228
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A170107/H027A180107	829,325
Special Education - Preschool Grants	84.173	H173A160112/H173A170112/H173A180012	26,814
Subtotal Special Education Cluster			\$ 856,139
Career and Technical Education - Basic Grants to States	84.048	V048A160046/V048A170046/V048A180046	4,562
Supporting Effective Instruction State Grant	84.367	S367A170044/S367A180044	82,526
Student Support and Academic Enrichment Program	84.424	S424A170048	5,565
English Language Acquisition State Grants	84.365	S365A170046/S365A180046	9,550
Total Department of Education			\$ 1,377,570
Total Component Unit School Board			\$ 2,123,094
Total Expenditures of Federal Awards			\$ 3,701,298

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF GREENE, VIRGINIA

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Greene, Virginia under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Greene, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Greene, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

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

Note 4 - De Minimis Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,625,040
Less Payment in lieu of taxes	<u>(46,836)</u>
Total primary government	<u>\$ 1,578,204</u>

Component Unit School Board:

School Operating Fund	\$ 2,246,119
Less BAB subsidy	<u>(123,025)</u>
Total component unit school board	<u>\$ 2,123,094</u>

Total federal expenditures per basic financial statements	<u>\$ 3,701,298</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 3,701,298</u></u>
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COUNTY OF GREENE, VIRGINIA

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

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No
Identification of major programs:	

CFDA #	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
20.509	Formula Grants for Rural Areas

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Audit Findings

Prior year financial statement finding (2018-001) was not present in fiscal year 2019.