GREENSVILLE-EMPORIA

DEPARTMENT OF SOCIAL SERVICES

(A Component Unit of Greensville County, Virginia)

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

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GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES
(A Component Unit of Greensville County, Virginia)

Board of Social Services

Ann C. Crewe, Chairman

Michael W. Ferguson, Vice-Chairman

Dr. Carolyn S. Carey

Brian S. Thrower

K. David Whittington

Officers

John Holtkamp, Director

Pamela Lifsey, District Fiscal Officer

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Greensville-Emporia Department of Social Services, a component unit of Greensville County, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Greensville-Emporia Department of Social Services' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Greensville-Emporia Department of Social Services, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 12 to the financial statements, in 2015, the Department adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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 and schedules related to pension and OPEB funding on pages 4-6 and 44-47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2016, on our consideration of Greensville-Emporia Department of Social Services' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greensville-Emporia Department of Social Services' internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
February 5, 2016

As management of the Greensville-Emporia Department of Social Services (Department) we offer this narrative overview and analysis of the financial performance of the Department's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented herein in connection with the Department's basic financial statements.

Financial Highlights

The liabilities and deferred inflows of resources of the Department exceed its assets and deferred outflows of resources (net position) at the close of the most recent fiscal year by $1,153,733.

The Department's decrease in net position was $99,865 for the current year.

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

Overview of the Financial Statements

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

General Fund

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

Special Welfare Fund

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

Notes to Financial Statements

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

Financial Analysis of the Department as a Whole

Statement of Net Position

A summary of the Department's Statement of Net Position for June 30, 2015 and 2014 is presented below:

Summary of Statement of Net Position

	June 30, 2015	June 30, 2014
Current and other assets	$ 821,435	$ 878,681
Capital assets	21,453	32,180
Total assets	$ 842,888	$ 910,861
Deferred outflow of resources	$ 149,373	$ -
Accounts payable	$ -	$ 506
Due to governmental entities	533,926	440,730
Current portion of long-term liabilities	12,978	13,623
Long-term liabilities	1,363,958	122,608
Total liabilities	$ 1,910,862	$ 577,467
Deferred inflow of resources	$ 334,997	$ -
Net position:		
Investment in capital assets	$ 21,453	$ 32,180
Restricted for employee benefits	36,716	63,916
Unrestricted	(1,311,767)	251,479
Total net position	$ (1,253,598)	$ 347,575

The Department's net position decreased by $99,865 during the year.

A summary of the Department's revenues, expenses, and changes in net position for June 30, 2015 and 2014 is presented below:

Summary of Statement of Activities

	June 30, 2015	June 30, 2014
Revenues:		
Interest	$ 195	$ 253
Operating grants	1,993,958	2,388,455
Other revenue	5,169	6,513
Total revenues	$ 1,999,322	$ 2,395,221
Expenses:		
Administration	$ 1,770,837	$ 2,067,182
Public assistance	328,350	322,326
Total expenses	$ 2,099,187	$ 2,389,508
Increase (decrease) in net position	$ (99,865)	$ 5,713
Net position, beginning of year, as restated	(1,153,733)	341,862
Net position, end of year	$ (1,253,598)	$ 347,575

Capital Assets

The Department's investment in capital assets as of June 30, 2015 amounts to $21,453 (net of accumulated depreciation). Below are items that makeup capital assets as of June 30, 2015 and 2014.

	June 30, 2015	June 30, 2014
Vehicles and equipment (net)	$ 21,453	$ 32,180

Economic Factors and Review of Operations

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

Contacting the Department's Financial Management

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

Basic Financial Statements

- Government-wide Financial Statements -

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES — Exhibit 1

(A Component Unit of Greensville County, Virginia)

Statement of Net Position
At June 30, 2015

		Governmental Activities
ASSETS		
Cash in custody of fiscal agent	$	256,574
Due from other governmental units		144,155
Due from participating jurisdiction - City of Emporia, Virginia - cost sharing		262,588
Due from participating jurisdiction - City of Emporia, Virginia		121,402
Restricted assets:		
Cash and cash equivalents		36,716
Capital assets (net of accumulated depreciation):		
Vehicles and equipment		21,453
Total assets	$	842,888
DEFERRED OUTFLOW OF RESOURCES		
Post measurement date employer pension contributions	$	149,373
LIABILITIES		
Due to County of Greensville - cost sharing	$	400,000
Due to County of Greensville		133,926
Current portion of long-term liabilities		12,978
Long-term liabilities:		
Due in more than one year		1,363,958
Total liabilities	$	1,910,862
DEFERRED INFLOW OF RESOURCES		
Net difference of actual and expected pension asset earnings	$	334,997
NET POSITION		
Investment in capital assets	$	21,453
Restricted for employee benefits		36,716
Unrestricted		(1,311,767)
Total net position	$	(1,253,598)

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

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
					Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Health and welfare:					
Administration	$ 1,770,837	$ -	$ 1,682,068	$ -	$ (88,769)
Public assistance	328,350	-	311,890	-	(16,460)
Total government activities	$ 2,099,187	$ -	$ 1,993,958	$ -	$ (105,229)
General revenues:					
Unrestricted revenues from use of money and property					$ 195
Miscellaneous					5,169
Total general revenues					$ 5,364
Change in net position					$ (99,865)
Net position, beginning of year, as restated					(1,153,733)
Net position, end of year					$ (1,253,598)

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

Basic Financial Statements

- Fund Financial Statements -

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES **Exhibit 3**
(A Component Unit of Greensville County, Virginia)

Balance Sheet
At June 30, 2015

ASSETS		
Cash in custody of fiscal agent (Note 3)	$	256,574
Due from other governmental units (Note 4)		144,155
Due from participating jurisdiction - City of Emporia - per cost sharing agreement (Note 4)		262,588
Due from participating jurisdiction - City of Emporia		121,402
Restricted assets:		
Cash and cash equivalents		36,716
Total assets	$	821,435
LIABILITIES		
Due to participating jurisdictions:		
County of Greensville - per cost sharing agreement (Note 4)	$	400,000
County of Greensville		133,926
Total liabilities	$	533,926
FUND BALANCES		
Fund Balances:		
Restricted:		
Public assistance	$	250,793
Employee benefits funds		36,716
Total fund balances	$	287,509
Total liabilities and fund balances	$	821,435

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

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
At June 30, 2015

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

Total fund balance per Exhibit 3 - Balance Sheet - Governmental Funds	$	287,509
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		21,453
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		(334,997)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are note reported in the funds.		149,373
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.		(1,376,936)
Net position of governmental activities	$	(1,253,598)

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, 2015

Revenues:		
Revenue from local sources:		
Revenue from use of money:		
Interest income	$	195
Intergovernmental revenue:		
Contributions from participating jurisdictions:		
County of Greensville - regular operating (Schedule 1)	$	164,079
City of Emporia - regular operating (Schedule 1)		6,466
Total intergovernmental revenue	$	170,545
Miscellaneous	$	5,169
Total revenue from local sources	$	175,909
Revenue from the Commonwealth:		
Public assistance grants	$	544,499
Total revenue from the Commonwealth	$	544,499
Revenue from the federal government:		
Public assistance grants	$	1,230,209
Cost allocation reimbursement		48,705
Total revenue from the federal government	$	1,278,914
Total revenues	$	1,999,322
Expenditures:		
Health and welfare:		
Administration	$	1,835,089
Public assistance		328,350
Total expenditures	$	2,163,439
Change in fund balances	$	(164,117)
Fund balances, beginning of year, as restated		451,626
Fund balances, end of year	$	287,509

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

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES **Exhibit 6**
(A Component Unit of Greensville County, Virginia)

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - total governmental funds	$	(164,117)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlay in the current period:		
Depreciation expense on capital assets		(10,727)
The change in deferred inflows related to the measurement of the net pension liability is not reported in governmental funds.		(334,997)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds:		
Change in net pension liability		403,511
Deferred outflows - pension contributions subsequent to measurement date		18
Decrease in compensated absences		6,447
Change in net position of governmental activities	$	(99,865)

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

Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

	Agency Fund
Special welfare fund:	
ASSETS	
Cash and cash equivalents	$ 19,663
LIABILITIES	
Amounts held for social services clients	$ 19,663

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Purpose:

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

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

B. Financial Reporting Entity:

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

C. Financial Statement Presentation:

Government-wide and Fund Financial Statements

Government-wide Financial Statements:

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

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

Statement of Net Position:

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

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

C. Financial Statement Presentation: (Continued)

Statement of Activities:

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

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

Fund Financial Statements:

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

Budgetary Comparison Schedules:

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

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

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

D. Basis of Accounting:

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (administration and public assistance) which are otherwise being supported by intergovernmental revenues and grants. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

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

2. Fiduciary Funds: Agency Funds utilize the accrual basis of accounting.

E. Cash and Cash Equivalents:

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

F. Capital Assets:

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

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

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

Assets	Years
Vehicles	5

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

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

Accumulated unpaid annual leave, sick pay, and other employee benefit amounts are accrued when incurred. Upon termination of employment, the Department pays all employees their unused annual leave and 25% of unused sick leave up to a maximum of $5,000 to employees with a minimum of 5 years of employment. At June 30, 2015, the liability amounted to $129,784.

H. Use of Estimates:

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

I. Net Position:

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

J. Other Postemployment Benefits:

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

K. Fund Equity:

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

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

- 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;

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

K. Fund Equity: (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 Department's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Director, who has been given the delegated authority to assign amounts by the Board.

L. Deferred Outflows/Inflows of Resources:

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

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

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

M. Pensions:

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

N. Net Position Flow Assumption:

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

The Department held no investments as of June 30, 2015.

NOTE 3 - FISCAL AGENT:

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

NOTE 4 - DUE FROM/TO OTHER GOVERNMENTAL UNITS:

The following represent amounts due from (to) other governmental units at June 30, 2015:

Commonwealth of Virginia:	
Public Assistance Grants	$ 44,356
Total due from Commonwealth of Virginia	$ 44,356
Federal Government:	
Public Assistance Grants	$ 99,799
Total due from other governments	$ 144,155

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

County of Greensville:	
General	$ (400,000)
Total due from (to) County of Greensville (Note 6)	$ (400,000)
City of Emporia:	
General	$ 262,588
Total due from (to) City of Emporia (Note 6)	$ 262,588

The amount due to the County reported above ($400,000) is payable in eight annual installment payments of $50,000 each; due on July 31 of each year beginning on July 31, 2015 and continuing through July 31, 2022, pursuant to Section 3.2 of the Cost Sharing Agreement discussed in Note 6 below.

The amount due from the City reported above $262,588 is based on the provisions of Section 3.4 of the Cost Sharing Agreement discussed in Note 6 below. Section 3.4.2 of the Agreement provides for the Initial Forgiveness of $164,117 of the amount previously reported as due from the City upon the DSS making the Initial Payment to the County as provided for in the Agreement.

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

NOTE 5 - CAPITAL ASSETS:

Changes in capital assets for the year ended June 30, 2015 are as follows:

	Balance June 30, 2014	Additions	Subtractions	Balance June 30, 2015
Vehicles and equipment	$ 87,183	$ -	$ -	$ 87,183
Less accumulated depreciation	(55,003)	(10,727)		(65,730)
Net capital assets	$ 32,180	$ (10,727)	$ -	$ 21,453

NOTE 6 - ALLOCATION OF COSTS:

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

The Cost Sharing Agreement provides for:

1. The resolution of amounts reported as due to the County and due from the City for DSS social services programs costs as had accumulated over several years, including the payment of certain funds to the County over a period of years.

2. The preparation of an Annual Financial Report for the DSS.

3. The participation of the DSS in the annual budget processes of the County and the City.

4. The maintenance of base working capital for the DSS, including appropriations by the County and the City when needed.

5. The County Treasurer to serve as the DSS Fiscal Officer pursuant to Va. Code § 63.2-311.

6. Limitations on DSS expenditures.

7. The allocation of Administrative Costs, Miscellaneous Expenses, Reimbursement Revenues, and Miscellaneous Revenues between the County and the City.

8. The allocation of Net Local Costs between the County and the City.

9. The annual reconciliation of any amounts due to or from the County or the City.

10. Planning for a new DSS facility.

11. The governance of the DSS by a five member district board.

12. The duration of the Agreement until June 30, 2022.

Schedule 2 (Schedule of Cost Sharing Allocation For the Year Ended June 30, 2015) applies the allocation provisions of the Cost Sharing Agreement.

NOTE 7 - PENSION PLAN:

Plan Description

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

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 (Cont.)	**About Plan 2 (Cont.)**	**About the Hybrid Retirement Plan (Cont.)** • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Hybrid Opt-In Election (Cont.)** Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	***Non-Eligible Members (Cont.)** Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

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

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** **Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.)	**Vesting (Cont.)**	**Vesting (Cont.)** **Defined Contributions Component: (Cont.)** Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit (Cont.)**	**Calculating the Benefit (Cont.)** **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. **Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. **Sheriffs and regional jail superintendents:** Same as Plan 1. **Political subdivision hazardous duty employees:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable. **Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

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

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Earliest Reduced Retirement Eligibility (Cont.) **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility (Cont.)** **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. **Eligibility:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

NOTE 7 - PENSION PLAN: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 7 - PENSION PLAN: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	26
Inactive members:	
Vested inactive members	3
Non-vested inactive members	5
Inactive members active elsewhere in VRS	15
Total inactive members	23
Active members	29
Total covered employees	78

Contributions

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

The Department's contractually required contribution rate for the year ended June 30, 2015 was 14.70% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Department were $149,373 and $149,355 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The Department's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

NOTE 7 - PENSION PLAN: (Continued)

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Department's Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

NOTE 7 - PENSION PLAN: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

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NOTE 7 - PENSION PLAN: (Continued)

Long-Term Expected Rate of Return

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

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

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

NOTE 7 - PENSION PLAN: (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	$ 6,527,885	$ 4,877,222	$ 1,650,663
Changes for the year:			
Service cost	$ 101,980	$ -	$ 101,980
Interest	442,385	-	442,385
Contributions - employer	-	149,355	(149,355)
Contributions - employee	-	50,255	(50,255)
Net investment income	-	752,426	(752,426)
Benefit payments, including refunds of employee contributions	(416,205)	(416,205)	-
Administrative expenses	-	(4,200)	4,200
Other changes	-	40	(40)
Net changes	$ 128,160	$ 531,671	$ (403,511)
Balances at June 30, 2014	$ 6,656,045	$ 5,408,893	$ 1,247,152

NOTE 7 - PENSION PLAN: (Continued)

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Greensville-Emporia Social Services Net Pension Liability	$ 2,076,101	$ 1,247,152	$ 557,163

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

For the year ended June 30, 2015, the Department recognized pension expense of $80,841. At June 30, 2015, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ -	$ 334,997
Employer contributions subsequent to the measurement date	149,373	-
Total	$ 149,373	$ 334,997

$149,373 reported as deferred outflows of resources related to pensions resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	
2016	$ 83,749
2017	83,749
2018	83,749
2019	83,750
Thereafter	-

NOTE 8 - LEASE AGREEMENTS:

The Department leases its office space on a year to year basis. The total rental expenditures for the office space amounted to $63,268.

NOTE 9 - CONTINGENT LIABILITIES:

Federal programs in which the Department participates were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Pursuant to the provisions of the circular, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

NOTE 10 - LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2015 are as follows:

	Balance July 1, 2014	Additions	Subtractions	Balance July 1, 2015	Due within one year
Compensated absences	$ 136,231	$ -	$ 6,447	$ 129,784	$ 12,978
Net pension liability	1,650,663	548,565	952,076	1,247,152	-
Total	$ 1,786,894	$ 548,565	$ 958,523	$ 1,376,936	$ 12,978

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

A. Plan Description:

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

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

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

A. Plan Description: (Continued)

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

B. Funding Policy:

As a participating local political subdivision, the Department is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The Department's contribution rate for the fiscal year ended 2015 was .48% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation:

The annual cost of OPEB under Governmental Accounting Standards Board (GASB) Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, is based on the annual required contribution (ARC). The Department is required to contribute the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For 2015, the Department's contribution of $4,471 was equal to the ARC and OPEB cost. The Department's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the two preceding years are as follows:

Fiscal Year Ending	Annual OPEB Cost (ARC)	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2015	$ 4,471	100%	$ -
June 30, 2014	4,825	100%	-
June 30, 2013	4,676	100%	-

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

D. Funded Status and Funding Progress:

The funded status of the plan as of June 30, 2014, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	$	83,179
Actuarial value of plan assets	$	22,653
Unfunded actuarial accrued liability (UAAL)	$	60,526
Funded ratio (actuarial value of plan assets/AAL)		27.23%
Covered payroll (annual payroll of active employees covered by the plan)	$	1,020,840
UAAL as a percentage of covered payroll		5.93%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future and reflect a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

E. Actuarial Methods and Assumptions:

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

The entry age normal cost method was used to determine the plan’s funding liabilities and costs. The actuarial assumptions included a 7.0% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payrolls on an open basis. The remaining open amortization period at June 30, 2013 was 30 years.

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

NOTE 12 - ADOPTION OF ACCOUNTING PRINCIPLES:

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* **and Statement No. 71,** *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68***:**

The Department implemented the financial reporting provisions of the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements of these Statements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in the restatement of net position, reference Note 13.

NOTE 13 – RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCE:

Beginning net position and fund balance was restated as follows:

Net Position as reported at June 30, 2014	$	545,973
Implementation of GASB 68		(1,501,308)
Remove CSA fund from reporting entity		34,501
Write-off amount due from CSA fund		(232,899)
Net Position as restated at June 30, 2014	$	(1,153,733)

Fund balance was also restated as follows:

Fund balance as reported at June 30, 2014	$	650,024
Remove CSA fund from reporting entity		34,501
Write-off amount due from CSA fund		(232,899)
Fund balance as restated at June 30, 2014	$	451,626

NOTE 14 - UPCOMING PRONOUNCEMENTS:

Statement No. 72, *Fair Value Measurement and Application,* amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

NOTE 14 - UPCOMING PRONOUNCEMENTS: (Continued)

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension,* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

- Required Supplementary Information -

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2015

		2014
Total pension liability		
Service cost	$	101,980
Interest		442,385
Benefit payments, including refunds of employee contributions		(416,205)
Net change in total pension liability	$	128,160
Total pension liability - beginning		6,527,885
Total pension liability - ending (a)	$	6,656,045
Plan fiduciary net position		
Contributions - employer	$	149,355
Contributions - employee		50,255
Net investment income		752,426
Benefit payments, including refunds of employee contributions		(416,205)
Administrative expense		(4,200)
Other		40
Net change in plan fiduciary net position	$	531,671
Plan fiduciary net position - beginning		4,877,222
Plan fiduciary net position - ending (b)	$	5,408,893
Department's net pension liability - ending (a) - (b)	$	1,247,152
Plan fiduciary net position as a percentage of the total pension liability		81.26%
Covered-employee payroll	$	1,005,097
Department's net pension liability as a percentage of covered-employee payroll		124.08%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

Schedule of Employer Contributions
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2015	$ 149,373	$ 149,373	$ -	$ 1,016,142	14.70%

This schedule is intended to report information for 10 years. 2015 is the first year for this presentation, no other data is available. Additional years will be included when available.

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Schedule of OPEB Funding Progress
Last Three Fiscal Years

Health Insurance Credit Program Funding Progress

Actuarial Valuation Date		Actuarial Value of Assets (AVA) (a)		Actuarial Accrued Liability (AAL) (b)		Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)		Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
June 30, 2014	$	22,653	$	83,179	$	60,526	27.23%	$	1,020,840	5.93%
June 30, 2013		20,889		84,708		63,819	24.66%		1,009,932	6.32%
June 30, 2012		20,633		87,820		67,187	23.49%		919,071	7.31%

Other Supplementary Information

- Supporting Schedules –

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES **Exhibit 12**
(A Component Unit of Greensville County, Virginia)

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
Revenue from local sources:				
Revenue from use of money:				
Interest income	$ -	$ -	$ 195	$ 195
Intergovernmental revenue:				
Appropriations from participating jurisdictions:				
County of Greensville - regular operating	$ 244,605	$ 244,605	$ 164,079	$ (80,526)
City of Emporia - regular operating	208,107	208,107	6,466	(201,641)
Total intergovernmental revenue	$ 452,712	$ 452,712	$ 170,545	$ (282,167)
Miscellaneous	$ -	$ -	$ 5,169	$ 5,169
Total revenue from local sources	$ 452,712	$ 452,712	$ 175,909	$ (276,803)
Revenue from the Commonwealth:				
Public assistance grants	$ 464,699	$ 464,699	$ 544,499	$ 79,800
Total revenue from the Commonwealth	$ 464,699	$ 464,699	$ 544,499	$ 79,800
Revenue from the federal government:				
Public assistance grants	$ 1,049,912	$ 1,049,912	$ 1,230,209	$ 180,297
Cost allocation	-	-	48,705	48,705
Total revenue from the federal government	$ 1,049,912	$ 1,049,912	$ 1,278,914	$ 229,002
Total revenues	$ 1,967,323	$ 1,967,323	$ 1,999,322	$ 31,999
Expenditures:				
Health and welfare:				
Administration	$ 1,921,005	$ 1,921,005	$ 1,835,089	$ 85,916
Public assistance	46,318	46,318	328,350	(282,032)
Total expenditures	$ 1,967,323	$ 1,967,323	$ 2,163,439	$ (196,116)
Change in fund balance	$ -	$ -	$ (164,117)	$ (164,117)
Fund balance, beginning of year, as restated	-	-	451,626	451,626
Fund balance, end of year	$ -	$ -	$ 287,509	$ 287,509

Statement of Changes in Assets and Liabilities
Agency Fund
For the year ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare fund:				
ASSETS				
Cash and cash equivalents	$ 20,047	$ 24,421	$ 24,805	$ 19,663
LIABILITIES				
Amounts held for social services clients	$ 20,047	$ 24,421	$ 24,805	$ 19,663

Schedule of Amounts Due to/from Participating Jurisdictions
At June 30, 2015

	County of Greensville	City of Emporia	Total
Balance, July 1, 2014	$ 787,804	$ (556,305)	$ 231,499
Amounts received from jurisdictions:			
Regular operating	$ 208,906	$ 178,781	$ 387,687
Total amounts received from jurisdictions	$ 208,906	$ 178,781	$ 387,687
Total receipts and balance	$ 996,710	$ (377,524)	$ 619,186
Deductions:			
Share of net costs - VPA (Schedule 2)	$ 212,784	$ 170,583	$ 383,367
Forgiveness of amount due from City of Emporia	-	(164,117)	(164,117)
Return of equity to County of Greensville (1)	250,000	-	250,000
Total deductions	$ 462,784	$ 6,466	$ 469,250
Due to (from), June 30, 2015 (2)	$ 533,926	$ (383,990)	$ 149,936
Reconciliation of reported contribution (Exhibit 5) to actual contribution:			
Actual cash contribution	$ 208,906	$ 178,781	$ 387,687
Reconciling transactions:			
Forgiveness of prior amount owed	-	(164,117)	(164,117)
Return of cost allocation plan revenue per agreement	(48,705)	-	(48,705)
Allocation of current year deficit (surplus)	3,878	(8,198)	(4,320)
Contribution per audit	$ 164,079	$ 6,466	$ 170,545

1 The $250,000 payment to the County was made pursuant to §3.2.1 of the December 15, 2014 Cost Sharing Agreement described in Note 6.

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

Schedule 2

Schedule of Cost Sharing Allocation
For the Year Ended June 30, 2015

	County of Greensville	City of Emporia	Total
Population	8,976	5,927	14,903
Population %	60.2295%	39.7705%	100.00%
Case load	2,809	2,723	5,532
Case load %	50.7773%	49.2227%	100.00%
Total allocation - equal population and case load weight	55.50%	44.50%	100.00%
Expenditures (Schedule 3):			
Administration	$ 1,018,537	$ 816,552	$ 1,835,089
Public assistance	182,247	146,103	328,350
Total expenditures	$ 1,200,784	$ 962,655	$ 2,163,439
Less: Revenues other than from participating jurisdictions:			
Revenue from use of money	$ 108	$ 87	$ 195
Miscellaneous revenue	2,869	2,300	5,169
State and federal:			
Public assistance	985,023	789,685	1,774,708
Total revenues other than from participating jurisdictions	$ 988,000	$ 792,072	$ 1,780,072
Net costs allocated	$ 212,784	$ 170,583	$ 383,367

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES | Schedule 3

(A Component Unit of Greensville County, Virginia)

Analysis of Expenditures by Activity
Governmental Funds
For the Year Ended June 30, 2015

General Fund:		County of Greensville		City of Emporia		Totals "Memorandum Only"
Health and welfare:						
Administration:						
Personnel services	$	592,158	$	474,729	$	1,066,887
Fringe benefits		277,635		222,577		500,212
Contractual services		33,903		27,179		61,082
Other charges		67,794		54,349		122,143
Capital outlay		158		126		284
Rentals		46,890		37,591		84,481
Total administration	$	1,018,537	$	816,552	$	1,835,089
Public assistance and services:						
Auxiliary grant - aged and disabled	$	31,418	$	25,187	$	56,605
Family preservation		158		127		285
AFDC - foster care		31,993		25,649		57,642
Subsidized adoption		21,913		17,567		39,480
Family preservation		78		62		140
Adult protective services		2,796		2,242		5,038
Independent living		254		203		457
Child care quality initiative grant		4,163		3,337		7,500
Adult services - hb sup companion		17,783		14,256		32,039
Promoting safe and stable families		10,238		8,207		18,445
VIEW - jobs support - AFDC		7,080		5,676		12,756
VIEW - jobs purch- AFDC		54,373		43,590		97,963
Total public assistance and services	$	182,247	$	146,103	$	328,350
Total expenditures - general fund	$	1,200,784	$	962,655	$	2,163,439

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greensville-Emporia Department of Social Services as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Greensville-Emporia Department of Social Services' basic financial statements and have issued our report thereon dated February 5, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
February 5, 2016