GREENSVILLE-EMPORIA

DEPARTMENT OF SOCIAL SERVICES

(A Component Unit of Greensville County, Virginia)

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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

Board of Social Services

Michael W. Ferguson, Chair

Mary L. Person, Vice-Chair

William Johnson

Raymond Bryant

Brenda N. Parson

Officers

John Holtkamp, Director

Pamela Lifsey, District Fiscal Officer

ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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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, 2019, 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, 2019, 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 14 to the financial statements, in 2019, the Department adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules related to pension and OPEB funding, and budgetary comparison information on pages 4-6, 49-58, and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary 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 other supplementary information and supporting schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information and 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. Such 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 3, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greensville-Emporia Department of Social Services 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 3, 2020

As management of Greensville-Emporia Department of Social Services (the Department) we offer this narrative overview and analysis of the financial performance of the Department's financial activities for the fiscal year ended June 30, 2019. 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 $1,175,681.

The Department's increase in net position was $22,641 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 management 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, 2019 and 2018 is presented below:

Summary of Statement of Net Position

		June 30, 2019		June 30, 2018
Current and other assets	$	766,890	$	767,578
Capital assets		14,393		19,190
Total assets	$	781,283	$	786,768
Deferred outflow of resources	$	223,141	$	182,803
Due to governmental entities	$	479,381	$	480,069
Current portion of long-term liabilities		15,808		15,369
Long-term liabilities		1,621,657		1,547,825
Total liabilities	$	2,116,846	$	2,043,263
Deferred inflows of resources	$	63,259	$	124,630
Net position:				
Investment in capital assets	$	14,393	$	19,190
Restricted for employee benefits		730		730
Unrestricted		(1,190,804)		(1,218,242)
Total net position	$	(1,175,681)	$	(1,198,322)

The Department's net position increased by $22,641 during the year.

A summary of the Department's revenues, expenses, and changes in net position for June 30, 2019 and 2018 is presented below:

Summary of Statement of Activities

		June 30, 2019		June 30, 2018
Revenues:				
Interest	$	179	$	163
Operating grants		2,650,861		2,504,821
Other revenue		16,391		5,854
Total revenues	$	2,667,431	$	2,510,838
Expenses:				
Administration	$	2,086,895	$	1,921,621
Public assistance		557,895		484,927
Total expenses	$	2,644,790	$	2,406,548
Increase (decrease) in net position	$	22,641	$	104,290
Net position, beginning of year		(1,198,322)		(1,302,612)
Net position, end of year	$	(1,175,681)	$	(1,198,322)

Capital Assets

The Department's investment in capital assets as of June 30, 2019 amounts to $14,393 (net of accumulated depreciation). Below are items that makeup capital assets as of June 30, 2019 and 2018.

	June 30, 2019	June 30, 2018
Vehicles and equipment (net)	$ 14,393	$ 19,190

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, 2019

		Governmental Activities
ASSETS		
Cash in custody of fiscal agent	$	296,832
Due from other governmental units		159,575
Due from participating jurisdiction - City of Emporia, Virginia - cost sharing		131,292
Due from participating jurisdiction - City of Emporia, Virginia		178,461
Restricted assets:		
Cash and cash equivalents		730
Capital assets (net of accumulated depreciation):		
Vehicles and equipment		14,393
Total assets	$	781,283
DEFERRED OUTFLOW OF RESOURCES		
Pension related items	$	205,194
OPEB related items		17,947
Total deferred outflows of resources	$	223,141
LIABILITIES		
Due to County of Greensville - cost sharing	$	200,000
Due to County of Greensville		279,381
Current portion of long-term liabilities		15,808
Long-term liabilities:		
Due in more than one year		1,621,657
Total liabilities	$	2,116,846
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$	54,278
OPEB related items		8,981
Total deferred inflows of resources	$	63,259
NET POSITION		
Investment in capital assets	$	14,393
Restricted for employee benefits		730
Unrestricted		(1,190,804)
Total net position	$	(1,175,681)

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

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES **Exhibit 2**
(A Component Unit of Greensville County, Virginia)

Statement of Activities
For the Year Ended June 30, 2019

		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	$ 2,086,895	$ -	$ 2,091,685	$ -	$ 4,790
Public assistance	557,895	-	559,176	-	1,281
Total government activities	$ 2,644,790	$ -	$ 2,650,861	$ -	$ 6,071
General revenues:					
Unrestricted revenues from use of money and property					$ 179
Miscellaneous					16,391
Total general revenues					$ 16,570
Change in net position					$ 22,641
Net position, beginning of year					(1,198,322)
Net position, end of year					$ (1,175,681)

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, 2019

ASSETS		
Cash in custody of fiscal agent (Note 3)	$	296,832
Due from other governmental units (Note 4)		159,575
Due from participating jurisdiction - City of Emporia - per cost sharing agreement (Note 4)		131,292
Due from participating jurisdiction - City of Emporia		178,461
Restricted assets:		
Cash and cash equivalents		730
Total assets	$	766,890
LIABILITIES		
Due to participating jurisdictions:		
County of Greensville - per cost sharing agreement (Note 4)	$	200,000
County of Greensville		279,381
Total liabilities	$	479,381
FUND BALANCES		
Fund Balances:		
Restricted:		
Public assistance	$	286,779
Employee benefits funds		730
Total fund balances	$	287,509
Total liabilities and fund balances	$	766,890

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

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES **Exhibit 4**

(A Component Unit of Greensville County, Virginia)

Reconciliation of the Balance Sheet of the Governmental Funds
to the Statement of Net Position
At June 30, 2019

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.		14,393
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 205,194	
OPEB related items	17,947	223,141
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	$ (158,084)	
Net pension liability	(1,326,889)	
Net opeb liabilities	(152,492)	(1,637,465)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (54,278)	
OPEB related items	(8,981)	(63,259)
Net position of governmental activities		$ (1,175,681)

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

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES **Exhibit 5**

(A Component Unit of Greensville County, Virginia)

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

Revenues:		
Revenue from local sources:		
Revenue from use of money:		
Interest income	$	179
Miscellaneous		16,391
Total revenue from local sources	$	16,570
Intergovernmental:		
Contributions from participating jurisdictions:		
County of Greensville - regular operating (Schedule 1)	$	180,975
City of Emporia - regular operating (Schedule 1)		183,318
Total intergovernmental	$	364,293
Revenue from the Commonwealth:		
Public assistance grants	$	757,784
Total revenue from the Commonwealth	$	757,784
Revenue from the federal government:		
Public assistance grants	$	1,475,390
Cost allocation reimbursement		53,394
Total revenue from the federal government	$	1,528,784
Total revenues	$	2,667,431
Expenditures:		
Health and welfare:		
Administration	$	2,109,536
Public assistance		557,895
Total expenditures	$	2,667,431
Change in fund balances	$	-
Fund balances, beginning of year		287,509
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, 2019

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

Net change in fund balance - total governmental funds	$ -
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:	
Depreciation expense on capital assets	(4,797)
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:	
Pension expense	23,611
OPEB expense	8,221
(Increase) decrease in compensated absences	(4,394)
Change in net position of governmental activities	$ 22,641

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

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES Exhibit 7
(A Component Unit of Greensville County, Virginia)

Statement of Fiduciary Net Position
Fiduciary Fund
At June 30, 2019

	Agency Fund
Special welfare fund:	
ASSETS	
Cash and cash equivalents	$ 23,166
LIABILITIES	
Amounts held for social services clients	$ 23,166

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Purpose:

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

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

B. Financial Reporting Entity:

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

C. Financial Statement Presentation:

Government-wide and Fund Financial Statements

Government-wide Financial Statements:

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

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

Statement of Net Position:

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

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. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

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.

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.

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

D. Basis of Accounting: (Continued)

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 acquisition value at the date of donation.

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

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

Assets	Years
Vehicles	5

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, 2019, the liability amounted to $158,084.

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

H. Use of Estimates:

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

I. Net Position:

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

J. Net Position Flow Assumption:

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

K. Fund Balance:

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

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

- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;

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

K. Fund Balance: (Continued)

- 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 certain items related to the measurement of the net pension liability and net OPEB liabilities and contributions to the pension and OPEB plan(s) made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on this item, reference the related notes.

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

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.

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

N. Other Postemployment Benefits (OPEB)

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

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, 2019.

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, 2019:

Commonwealth of Virginia:		
Public Assistance Grants	$	59,465
Federal Government:		
Public Assistance Grants		100,110
Total due from other governments	$	159,575

NOTE 4—DUE FROM/TO OTHER GOVERNMENTAL UNITS: (Continued)

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

County of Greensville:	
General	$ (200,000)
Total due from (to) County of Greensville (Note 6)	$ (200,000)
City of Emporia:	
General	$ 131,292
Total due from (to) City of Emporia (Note 6)	$ 131,292

The amount due to the County reported above ($200,000) 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 $131,292 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, 2019 are as follows:

	Balance July 1, 2018	Additions	Subtractions	Balance June 30, 2019
Vehicles and equipment	$ 111,171	$ -	$ -	$ 111,171
Less accumulated depreciation	(91,981)	(4,797)	-	(96,778)
Net capital assets	$ 19,190	$ (4,797)	$ -	$ 14,393

NOTE 6—ALLOCATION OF COSTS:

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

The Cost Sharing Agreement provides for:

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

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

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

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

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

6. Limitations on DSS expenditures.

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

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

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

10. Planning for a new DSS facility.

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

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

Schedule 2 (Schedule of Cost Sharing Allocation for the Year Ended June 30, 2019) 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 a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

b. Employees hired on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 7—PENSION PLAN: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	30
Inactive members:	
Vested inactive members	3
Non-vested inactive members	5
Inactive members active elsewhere in VRS	18
Total inactive members	26
Active members	26
Total covered employees	82

NOTE 7—PENSION PLAN: (Continued)

Contributions

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

The Department's contractually required employer contribution rate for the year ended June 30, 2019 was 12.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Department were $134,994 and $133,135 for the years ended June 30, 2019 and June 30, 2018, respectively.

Net Pension Liability

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

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, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

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

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

NOTE 7—PENSION PLAN: (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates:

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

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

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

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

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

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

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

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

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

Largest 10 – Non-Hazardous Duty:

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

NOTE 7—PENSION PLAN: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

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

Long-Term Expected Rate of Return

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

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

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

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. Consistent with the phased-in funding provided by the General Assembly for state employer contributions; the Department was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2017	$ 6,939,979	$ 5,681,341	$ 1,258,638
Changes for the year:			
Service cost	$ 94,425	$ -	$ 94,425
Interest	470,535	-	470,535
Differences between expected and actual experience	99,220	-	99,220
Contributions - employer	-	133,018	(133,018)
Contributions - employee	-	53,016	(53,016)
Net investment income	-	413,968	(413,968)
Benefit payments, including refunds of employee contributions	(436,093)	(436,093)	-
Administrative expenses	-	(3,710)	3,710
Other changes	-	(363)	363
Net changes	$ 228,087	$ 159,836	$ 68,251
Balances at June 30, 2018	$ 7,168,066	$ 5,841,177	$ 1,326,889

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		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Greensville-Emporia Social Services Net Pension Liability	$ 2,156,163	$ 1,326,889	$ 633,656

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

For the year ended June 30, 2019, the Department recognized pension expense of $111,266. At June 30, 2019, the Department and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 60,370	$ 13,011
Change in assumptions	9,830	-
Net difference between projected and actual earnings on pension plan investments	-	41,267
Employer contributions subsequent to the measurement date	134,994	-
Total	$ 205,194	$ 54,278

$134,994 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 fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2020	$ 60,930
2021	18,853
2022	(58,828)
2023	(5,033)
2024	-
Thereafter	-

NOTE 7—PENSION PLAN: (Continued)

Pension Plan Data

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

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 $91,200.

NOTE 9—CONTINGENT LIABILITIES:

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

NOTE 10—LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2019 are as follows:

	Balance July 1, 2018	Additions	Subtractions	Balance June 30, 2019	Due within one year
Compensated absences	$ 153,690	$ 19,763	$ 15,369	$ 158,084	$ 15,808
Net OPEB liabilities	150,866	21,405	19,779	152,492	-
Net pension liability	1,258,638	668,253	600,002	1,326,889	-
Total	$ 1,563,194	$ 709,421	$ 635,150	$ 1,637,465	$ 15,808

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the entity were $5,927 and $5,587 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the entity reported a liability of $86,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was .00561% as compared to .00584% at June 30, 2017.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of ($2,000). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,000	$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,000
Change in assumptions	-	4,000
Employer contributions subsequent to the measurement date	5,927	-
Total	$ 9,927	$ 8,000

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

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

$5,927 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30		
2020	$	(1,000)
2021		(1,000)
2022		(2,000)
2023		-
2024		-
Thereafter		-

Actuarial Assumptions

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

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

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – General State Employees

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

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

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

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

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

Mortality Rates – Teachers

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

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

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Mortality Rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – VaLORS Employees

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

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

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

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

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

Mortality Rates – JRS Employees

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

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

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – JRS Employees: (Continued)

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

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

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

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

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

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

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

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

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

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

Long-Term Expected Rate of Return

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

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

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

NOTE 11—GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (Continued)

Discount Rate

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Department's proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 112,000	$ 86,000	$ 64,000

GLI Program Fiduciary Net Position

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

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN):

Plan Description

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

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (Continued)

Plan Description

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	14
Inactive members:	
Vested inactive members	1
Active members	26
Total covered employees	41

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The Department's contractually required employer contribution rate for the year ended June 30, 2019 was .48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Department to the HIC Program were $5,459 and $4,798 for the years ended June 30, 2019 and June 30, 2018, respectively.

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (Continued)

Net HIC OPEB Liability

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

Actuarial Assumptions

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

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

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

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

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

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

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

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

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

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (Continued)

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 84,165	$ 21,299	$ 62,866
Changes for the year:			
Service cost	$ 871	$ -	$ 871
Interest	5,631	-	5,631
Differences between expected and actual experience	3,198	-	3,198
Contributions - employer	-	4,798	(4,798)
Net investment income	-	1,428	(1,428)
Benefit payments	(7,445)	(7,445)	-
Administrative expenses	-	(31)	31
Other changes	-	(121)	121
Net changes	$ 2,255	$ -1,371	$ 3,626
Balances at June 30, 2018	$ 86,420	$ 19,928	$ 66,492

Sensitivity of the Department's HIC Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
Department's Net HIC OPEB Liability	$ 74,849	$ 66,492	$ 59,335

NOTE 12—HEALTH INSURANCE CREDIT (HIC) PROGRAM (OPEB PLAN): (Continued)

HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB

For the year ended June 30, 2019, the Department recognized HIC Program OPEB expense of $5,578. At June 30, 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to the Department's HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,561	$ -
Net difference between projected and actual earnings on HIC OPEB plan investments	-	556
Change in assumptions	-	425
Employer contributions subsequent to the measurement date	5,459	-
Total	$ 8,020	$ 981

$5,549 reported as deferred outflows of resources related to the HIC OPEB resulting from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2020	$ 317
2021	317
2022	317
2023	616
2024	13
Thereafter	-

HIC Program Plan Data

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

NOTE 13—AGGREGATE OPEB INFORMATION:

Aggregate OPEB information is presented below:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 11)	$ 9,927	$ 8,000	$ 86,000	$ (2,000)
Health Insurance Credit Program (Note 12)	8,020	981	66,492	5,578
Totals	$ 17,947	$ 8,981	$ 152,492	$ 3,578

NOTE 14—ADOPTION OF ACCOUNTING PRINCIPLES:

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

NOTE 15—UPCOMING PRONOUNCEMENTS:

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

Statement No. 87, *Leases*, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

NOTE 15—UPCOMING PRONOUNCEMENTS: (Continued)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus.

As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

- Required Supplementary Information -

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES **Exhibit 8**

(A Component Unit of Greensville County, Virginia)

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 94,425	$ 112,964	$ 115,531	$ 113,324	$ 101,980
Interest	470,535	462,778	452,168	452,747	442,385
Differences between expected and actual experience	99,220	(54,985)	39,748	(163,634)	-
Changes in assumptions	-	41,540	-	-	-
Benefit payments, including refunds of employee contributions	(436,093)	(466,853)	(444,919)	(376,475)	(416,205)
Net change in total pension liability	$ 228,087	$ 95,444	$ 162,528	$ 25,962	$ 128,160
Total pension liability - beginning	6,939,979	6,844,535	6,682,007	6,656,045	6,527,885
Total pension liability - ending (a)	$ 7,168,066	$ 6,939,979	$ 6,844,535	$ 6,682,007	$ 6,656,045
Plan fiduciary net position					
Contributions - employer	$ 133,018	$ 134,044	$ 156,189	$ 149,160	$ 149,355
Contributions - employee	53,016	65,784	52,675	50,593	50,255
Net investment income	413,968	631,925	88,614	243,138	752,426
Benefit payments, including refunds of employee contributions	(436,093)	(466,853)	(444,919)	(376,475)	(416,205)
Administrative expense	(3,710)	(3,833)	(3,496)	(3,455)	(4,200)
Other	(363)	(555)	(39)	(49)	40
Net change in plan fiduciary net position	$ 159,836	$ 360,512	$ (150,976)	$ 62,912	$ 531,671
Plan fiduciary net position - beginning	5,681,341	5,320,829	5,471,805	5,408,893	4,877,222
Plan fiduciary net position - ending (b)	$ 5,841,177	$ 5,681,341	$ 5,320,829	$ 5,471,805	$ 5,408,893
Department's net pension liability - ending (a) - (b)	$ 1,326,889	$ 1,258,638	$ 1,523,706	$ 1,210,202	$ 1,247,152
Plan fiduciary net position as a percentage of the total pension liability	81.49%	81.86%	77.74%	81.89%	81.26%
Covered payroll	$ 1,066,183	$ 1,069,098	$ 1,068,685	$ 1,016,142	$ 1,005,097
Department's net pension liability as a percentage of covered payroll	124.45%	117.73%	142.58%	119.10%	124.08%

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

Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2010 through June 30, 2019

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2019	$ 134,994	$ 134,994	$ -	$ 1,137,283	11.87%
2018	133,135	133,135	-	1,066,183	12.49%
2017	134,045	134,045	-	1,069,098	12.54%
2016	157,097	157,097	-	1,068,685	14.70%
2015	149,373	149,373	-	1,016,142	14.70%
2014	149,357	149,357	-	1,005,097	14.86%
2013	144,745	144,745	-	974,055	14.86%
2012	84,452	84,452	-	900,338	9.38%
2011	92,647	92,647	-	987,709	9.38%
2010	61,996	61,996	-	1,067,063	5.81%

Contributions are from Department records.

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

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

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

Largest 10 – Non-Hazardous Duty:

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

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

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

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

Date (1)	Employer's Proportion of of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2018	0.00561%	$ 86,000	$ 1,066,183	8.07%	51.22%
2017	0.00584%	88,000	1,077,476	8.17%	48.86%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$ 5,927	$ 5,927	$ -	$ 1,139,783	0.52%
2018	5,587	5,587	-	1,066,183	0.52%
2017	5,000	5,000	-	1,077,476	0.46%
2016	5,172	5,172	-	1,077,435	0.48%
2015	4,910	4,910	-	1,023,002	0.48%
2014	4,846	4,846	-	1,009,642	0.48%
2013	4,688	4,688	-	976,674	0.48%
2012	2,521	2,521	-	900,338	0.28%
2011	2,766	2,766	-	987,709	0.28%
2010	2,215	2,215	-	820,372	0.27%

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

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

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

General State Employees

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

Teachers

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014
Retirement Rates	Lowered rates at older ages and changed final retirement
Withdrawal Rates	Adjusted rates to better fit experience at each year age
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement	Updated to a more current mortality table - RP-2014
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers - Hazardous Duty Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

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

		2018		2017
Total HIC OPEB Liability				
Service cost	$	871	$	1,109
Interest		5,631		5,686
Differences between expected and actual experience		3,198		-
Changes in assumptions		-		(699)
Benefit payments		(7,445)		(6,338)
Net change in total HIC OPEB liability	$	2,255	$	(242)
Total HIC OPEB Liability - beginning		84,165		84,407
Total HIC OPEB Liability - ending (a)	$	86,420	$	84,165
Plan fiduciary net position				
Contributions - employer	$	4,798	$	4,811
Net investment income		1,428		2,263
Benefit payments		(7,445)		(6,338)
Administrative expense		(31)		(34)
Other		(121)		121
Net change in plan fiduciary net position	$	(1,371)	$	823
Plan fiduciary net position - beginning		21,299		20,476
Plan fiduciary net position - ending (b)	$	19,928	$	21,299
Department's net HIC OPEB liability - ending (a) - (b)	$	66,492	$	62,866
Plan fiduciary net position as a percentage of the total HIC OPEB liability		23.06%		25.31%
Covered payroll	$	1,066,183	$	1,069,098
Department's net HIC OPEB liability as a percentage of covered payroll		6.24%		5.88%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2019	$ 5,459	$ 5,459	$ -	$ 1,137,283	0.48%
2018	4,798	4,798	-	1,066,183	0.45%
2017	4,811	4,811	-	1,069,098	0.45%
2016	4,702	4,702	-	1,068,685	0.44%
2015	4,471	4,471	-	1,016,142	0.44%
2014	4,824	4,824	-	1,005,097	0.48%
2013	5,083	5,083	-	1,059,046	0.48%
2012	4,772	4,772	-	900,338	0.53%
2011	5,235	5,235	-	987,709	0.53%
2010	8,216	8,216	-	1,067,063	0.77%

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

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

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

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

	Budget	Amended Budget	Actual	Variance Positive (Negative)
Revenues:				
Revenue from local sources:				
Revenue from use of money:				
Interest income	$ -	$ -	$ 179	$ 179
Miscellaneous	$ -	$ -	$ 16,391	$ 16,391
Total revenue from local sources	$ -	$ -	$ 16,570	$ 16,570
Intergovernmental:				
Contributions from participating jurisdictions:				
County of Greensville - regular operating	$ 271,960	$ 271,960	$ 180,975	$ (90,985)
City of Emporia - regular operating	204,823	204,823	183,318	(21,505)
Total intergovernmental	$ 476,783	$ 476,783	$ 364,293	$ (112,490)
Revenue from the Commonwealth:				
Public assistance grants	$ 788,226	$ 788,226	$ 757,784	$ (30,442)
Total revenue from the Commonwealth	$ 788,226	$ 788,226	$ 757,784	$ (30,442)
Revenue from the federal government:				
Public assistance grants	$ 1,534,660	$ 1,534,660	$ 1,475,390	$ (59,270)
Cost allocation reimbursement	-	-	53,394	53,394
Total revenue from the federal government	$ 1,534,660	$ 1,534,660	$ 1,528,784	$ (5,876)
Total revenues	$ 2,799,669	$ 2,799,669	$ 2,667,431	$ (132,238)
Expenditures:				
Health and welfare:				
Administration	$ 2,309,687	$ 2,309,687	$ 2,109,536	$ 200,151
Public assistance	489,982	489,982	557,895	(67,913)
Total expenditures	$ 2,799,669	$ 2,799,669	$ 2,667,431	$ 132,238
Change in fund balance	$ -	$ -	$ -	$ -
Fund balance, beginning of year	-	-	287,509	287,509
Fund balance, end of year	$ -	$ -	$ 287,509	$ 287,509

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES **Exhibit 18**

(A Component Unit of Greensville County, Virginia)

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Special welfare fund:				
ASSETS				
Cash and cash equivalents	$ 27,585	$ 11,097	$ 15,516	$ 23,166
LIABILITIES				
Amounts held for social services clients	$ 27,585	$ 11,097	$ 15,516	$ 23,166

Other Supplementary Information

- Supporting Schedules -

Schedule of Amounts Due to/from Participating Jurisdictions
At June 30, 2019

	County of Greensville	City of Emporia	Total
Balance, July 1, 2018	$ 480,069	$ (331,258)	$ 148,811
Amounts received from jurisdictions:			
Regular operating	$ 271,960	$ 204,823	$ 476,783
Total amounts received from jurisdictions	$ 271,960	$ 204,823	$ 476,783
Total receipts and balance	$ 752,029	$ (126,435)	$ 625,594
Deductions:			
Share of net costs - VPA (Schedule 2)	$ 234,369	$ 183,318	$ 417,687
Cost allocation net difference in received and paid	(11,721)	-	(11,721)
Return of equity to County of Greensville (1)	50,000	-	50,000
Total deductions	$ 272,648	$ 183,318	$ 455,966
Due to (from), June 30, 2019 (2)	$ 479,381	$ (309,753)	$ 169,628
Reconciliation of reported contribution (Exhibit 5) to actual contribution:			
Actual cash contribution	$ 271,960	$ 204,823	$ 476,783
Reconciling transactions:			
Return of cost allocation plan revenue per agreement	(41,673)	-	(41,673)
Cost allocation net difference in received and paid	(11,721)	-	(11,721)
Allocation of current year deficit (surplus)	(37,591)	(21,505)	(59,096)
Contribution per audit	$ 180,975	$ 183,318	$ 364,293

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

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

GREENSVILLE-EMPORIA DEPARTMENT OF SOCIAL SERVICES — Schedule 2

(A Component Unit of Greensville County, Virginia)

Schedule of Cost Sharing Allocation
For the Year Ended June 30, 2019

	County of Greensville	City of Emporia	Total
Population	8,976	5,927	14,903
Population %	60.2295%	39.7705%	100.00%
Case load	2,348	2,168	4,516
Case load %	51.9929%	48.0071%	100.00%
Total allocation - equal population and case load weight	56.11%	43.89%	100.00%
Expenditures (Schedule 3):			
Administration	$ 1,183,686	$ 925,850	$ 2,109,536
Public assistance and services	313,042	244,853	557,895
Total expenditures	$ 1,496,728	$ 1,170,703	$ 2,667,431
Less: Revenues other than from participating jurisdictions:			
Revenue from use of money	$ 100	$ 79	$ 179
Miscellaneous	9,197	7,194	16,391
State and federal:			
Public assistance grants	1,253,061	980,113	2,233,174
Total revenues other than from participating jurisdictions	$ 1,262,358	$ 987,386	$ 2,249,744
Net costs allocated	$ 234,369	$ 183,318	$ 417,687

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, 2019

General Fund:	County of Greensville	City of Emporia	Totals
Health and welfare:			
Administration:			
Personnel services	$ 733,450	$ 573,687	$ 1,307,137
Fringe benefits	268,194	209,775	477,969
Contractual services	39,786	31,120	70,906
Other charges	74,069	57,935	132,004
Capital outlay	2,335	1,827	4,162
Rentals	65,851	51,507	117,358
Total administration	$ 1,183,686	$ 925,850	$ 2,109,536
Public assistance and services:			
Auxiliary grant - aged and disabled	$ 31,158	$ 24,371	$ 55,529
AFDC - foster care	86,577	67,718	154,295
Subsidized adoption	100,895	78,917	179,812
Family preservation	2,058	1,610	3,668
Adult protective services	2,275	1,780	4,055
Independent living	491	384	875
Adult services - hb sup companion	11,894	9,304	21,198
Promoting safe and stable families	6,676	5,221	11,897
VIEW - jobs support - AFDC	22,482	17,584	40,066
VIEW - jobs purch- AFDC	48,536	37,964	86,500
Total public assistance and services	$ 313,042	$ 244,853	$ 557,895
Total expenditures - general fund	$ 1,496,728	$ 1,170,703	$ 2,667,431

- 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, 2019, 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 3, 2020.

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 3, 2020