GREENSVILLE COUNTY SCHOOL BOARD

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

Greensville County School Board

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

School Board

Rhonda Jones-Gilliam, Chairman

Marva J. Dunn, Vice-Chairman

Janey V. Bush

Alexis E. Jones

Bessie Reed-Moore

Jason D. Rook

Superintendent of Schools

Dr. Kim Evans

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RFC
CPAs | Consultants

Robinson, Farmer, Cox Associates, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Honorable Members of
Greensville County School Board
Emporia, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Greensville County School Board a component unit of the County of Greensville, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Greensville County School Board, as of June 30, 2019, and the 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 17 to the financial statements, in 2019, the Board 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

Correction of Error

As described in note 6 to the financial statements, the allocation of net local educational costs to the School Board from the County of Greensville and the City of Emporia has been corrected. Our opinion is not modified with respect to that matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pension and OPEB funding on pages 4-7 and 69-83 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 County School Board's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2020, on our consideration of Greensville County School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 County School Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greensville County School Board's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 3, 2020, except as to note 6, which is as of May 29, 2020

As management of Greensville County School Board (a component unit of the County of Greensville, Virginia), we offer this narrative overview and analysis of the financial performance and overview of the School Board's financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented herein in connection with the School Board's basic financial statements.

Financial Highlights for FY2019

The liabilities and deferred inflows of resources of the School Board exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by $5,735,947.

The School Board's net position increased by $1,284,270 for the current year.

Overview of the Financial Statements

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

1. Government—wide financial statements,

2. Fund financial statements, and

3. Notes to financial statements.

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

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

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

The statement of activities presents information showing how the School Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

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

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Greensville County School Board, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School Board has only governmental funds.

Overview of the Financial Statements (Continued)

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided on Exhibit 4. The School Board has three major governmental funds - the General Fund, the Capital Projects Fund, and the School Cafeteria Fund.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a board's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $5,735,947 at the close of the most recent fiscal year.

Financial Analysis of the School Board as a Whole

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

Statement of Net Position

The following table reflects the condensed Statements of Net Position:

Summary Statement of Net Position
June 30, 2019 and 2018

	2019	2018
Current and other assets	$ 4,797,734	$ 4,536,082
Capital assets	15,159,148	15,181,611
Total assets	$ 19,956,882	$ 19,717,693
Deferred outflows of resources	$ 3,337,678	$ 2,915,686
Current liabilities	$ 3,295,099	$ 3,235,943
Long-term liabilities	22,618,600	22,872,400
Total liabilities	$ 25,913,699	$ 26,108,343
Deferred inflows of resources	$ 3,116,808	$ 3,545,253
Net position:		
Investment in capital assets	$ 15,159,148	$ 15,181,611
Unrestricted	(20,895,095)	(22,201,828)
Total net position	$ (5,735,947)	$ (7,020,217)

Statement of Net Position (Continued)

The School Board's combined net position increased by $1,284,270 during the year.

At the end of the current fiscal year, the School Board can report a positive balance in invested in capital assets and a negative unrestricted net position, generated by the net pension liability for professional employees and OPEB liabilities.

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

Changes in Net Position
For the Year Ended June 30, 2019 and 2018

	Governmental Activities	
	2019	**2018**
Revenues:		
Program revenues:		
Charges for services	$ 3,868,121	$ 3,902,076
Operating grants and contributions	10,564,685	11,506,176
General revenues:		
Basic aid	7,792,075	8,094,968
State sales tax	2,666,794	2,456,620
Grants and other contributions unrestricted	3,760,515	3,246,324
Other	284,087	531,051
Total revenues	$ 28,936,277	$ 29,737,215
Expenses:		
Instruction	$ 20,932,456	$ 21,649,576
Administration, Attendance & Health	1,181,291	1,232,295
Pupil Transportation Services	1,499,112	1,657,586
Operation & Maintenance Services	2,472,554	2,623,885
School Food Service	1,566,594	1,367,611
Total expenses	$ 27,652,007	$ 28,530,953
Increase (decrease) in net position	$ 1,284,270	$ 1,206,262
Net position - beginning	(7,020,217)	(8,226,479)
Net position - ending	$ (5,735,947)	$ (7,020,217)

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

Statement of Net Position (Continued)

Greensville County School Board's investment in capital assets as of June 30, 2019 and 2018 amounts to $15,159,148 and $15,181,611 (net of accumulated depreciation), respectively. Below is a list of the items that make up capital assets as of June 30, 2019 and 2018.

	2019	2018
Land	$ 437,775	$ 437,775
Buildings and improvements (net)	12,605,394	12,618,431
Machinery & equipment (net)	2,115,979	2,125,405
Total capital assets	$ 15,159,148	$ 15,181,611

See Note 5 for more information.

Economic Factors and Review of Operations

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

The School Board has a cost agreement between the County of Greensville, Virginia and the City of Emporia, Virginia. The current contract was approved in December 2002 and expired in June of 2019. The agreement allocates the net local costs for each locality for education. For the year ended June 30, 2019, the School Board had local costs of $7,652,855. The local costs were allocated based on the agreement as follows:

	Local
County of Greensville, Virginia	$ 4,087,138
City of Emporia, Virginia	3,565,717
Total Local Costs	$ 7,652,855

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

See Note 6 for more information.

Contacting the School Board's Financial Management

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

BASIC FINANCIAL STATEMENTS

- Government-wide Financial Statements -

GREENSVILLE COUNTY SCHOOL BOARD **Exhibit 1**
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Statement of Net Position
June 30, 2019

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	3,365,527
Due from other governmental units		770,908
Due from component unit		537,650
Net pension asset		123,649
Capital assets (net of accumulated depreciation):		
Land		437,775
Buildings and improvements		12,605,394
Machinery and equipment		2,115,979
Total assets	$	19,956,882
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$	2,980,031
OPEB related items		357,647
Total deferred outflows of resources	$	3,337,678
LIABILITIES		
Accounts payable	$	537,132
Accrued liabilities		1,783,126
Due to City of Emporia		474,841
Long-term advance		500,000
Long-term liabilities:		
Due in more than one year		22,618,600
Total liabilities	$	25,913,699
DEFERRED INFLOWS OF RESOURCES		
Pension related items	$	2,900,608
OPEB related items		216,200
Total deferred inflows of resources	$	3,116,808
NET POSITION		
Investment in capital assets	$	15,159,148
Unrestricted		(20,895,095)
Total net position	$	(5,735,947)

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

Statement of Activities
For the Year Ended June 30, 2019

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction	$ 20,932,456	$ 3,680,882	$ 8,905,780	$ -	$ (8,345,794)
Administration, attendance and health	1,181,291	-	-	-	(1,181,291)
Pupil transportation services	1,499,112	-	-	-	(1,499,112)
Operation and maintenance services	2,472,554	-	-	-	(2,472,554)
School food service	1,566,594	187,239	1,658,905	-	279,550
Total governmental activities	$ 27,652,007	$ 3,868,121	$ 10,564,685	$ -	$ (13,219,201)
General revenues:					
Basic aid					$ 7,792,075
State sales tax					2,666,794
Miscellaneous					284,087
Payment from County of Greensville					3,760,515
Total general revenues					$ 14,503,471
Change in net position					$ 1,284,270
Net position - beginning					(7,020,217)
Net position - ending					$ (5,735,947)

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

BASIC FINANCIAL STATEMENTS

- Fund Financial Statements -

GREENSVILLE COUNTY SCHOOL BOARD **Exhibit 3**
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

Balance Sheet
Governmental Funds
June 30, 2019

		General		School Cafeteria		School Capital Projects		Total
ASSETS								
Cash and cash equivalents	$	2,259,727	$	975,168	$	130,632	$	3,365,527
Due from other funds		-		-		271,949		271,949
Due from component units		537,650		-		-		537,650
Due from other governmental units		769,671		1,237		-		770,908
Total assets	$	3,567,048	$	976,405	$	402,581	$	4,946,034
LIABILITIES								
Accounts payable	$	537,132	$	-	$	-	$	537,132
Accrued liabilities		1,783,126		-		-		1,783,126
Due to City of Emporia		474,841		-		-		474,841
Due to other funds		271,949		-		-		271,949
Long term advance		500,000		-		-		500,000
Total liabilities	$	3,567,048	$	-	$	-	$	3,567,048
FUND BALANCE								
Restricted:								
Capital projects - various projects	$	-	$	-	$	402,581	$	402,581
Committed:								
School cafeteria fund		-		976,405		-		976,405
Total fund balances	$	-	$	976,405	$	402,581	$	1,378,986
Total liabilities and fund balances	$	3,567,048	$	976,405	$	402,581	$	4,946,034

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

GREENSVILLE COUNTY SCHOOL BOARD **Exhibit 4**
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

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

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		$ 1,378,986
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The amounts reported below are net of accumulated depreciation.		
Land	$ 437,775	
Buildings and improvements	12,605,394	
Machinery and equipment	2,115,979	15,159,148
The net pension asset is not an available resource and, therefore, is and, not reported in the funds - Nonprofessional group		123,649
Deferred outflows of resources are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 2,980,031	
OPEB related items	357,647	3,337,678
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability - teachers cost-sharing pool	$ (18,875,000)	
Net OPEB liabilities	(3,743,600)	(22,618,600)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	$ (2,900,608)	
OPEB related items	(216,200)	(3,116,808)
Net position of governmental activities		$ (5,735,947)

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

GREENSVILLE COUNTY SCHOOL BOARD **Exhibit 5**
(A COMPONENT UNIT OF THE COUNTY OF GREENSVILLE, VIRGINIA)

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

	General	School Cafeteria	School Capital Projects	Total
REVENUES				
Charges for services	$ 3,680,882	$ 187,239	$ -	$ 3,868,121
Miscellaneous	284,087	-	-	284,087
Intergovernmental:				
Local government	2,911,992	-	-	2,911,992
Commonwealth	17,239,450	49,412	-	17,288,862
Federal	2,125,199	1,609,493	-	3,734,692
Total revenues	$ 26,241,610	$ 1,846,144	$ -	$ 28,087,754
EXPENDITURES				
Current:				
Education:				
Instruction	$ 21,047,128	$ -	$ -	$ 21,047,128
Administration, attendance and health	1,235,057	-	-	1,235,057
Pupil transportation services	1,460,006	-	-	1,460,006
Operation and maintenance services	2,499,419	-	-	2,499,419
School food service	-	1,758,349	-	1,758,349
Total expenditures	$ 26,241,610	$ 1,758,349	$ -	$ 27,999,959
Excess (deficiency) of revenues over (under) expenditures	$ -	$ 87,795	$ -	$ 87,795
Net change in fund balances	$ -	$ 87,795	$ -	$ 87,795
Fund balances - beginning	-	888,610	402,581	1,291,191
Fund balances - ending	$ -	$ 976,405	$ 402,581	$ 1,378,986

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

GREENSVILLE COUNTY SCHOOL BOARD **Exhibit 6**

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

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

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

Net change in fund balances - total governmental funds		$ 87,795
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.		
Capital asset additions	$ 301,840	
Capital outlay for jointly owned assets	856,613	
Depreciation	(1,180,916)	(22,463)
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	1,175,793	
OPEB expense	43,145	1,218,938
Change in net position of governmental activities		$ 1,284,270

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

Note 1 - Summary of Significant Accounting Policies:

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

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

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Greensville County School Board. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Greensville County School Board has no component units at June 30, 2019.

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

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

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

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (instruction, school food, etc.) which are otherwise being supported by general government revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (instruction; administration, attendance, and health; etc.).

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

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

1. **Governmental Funds**

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

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

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

1. Governmental Funds (Continued)

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

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

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

C. Budgets and Budgetary Accounting

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

1. Prior to March 30, the School Board submits to the Board of Supervisors, a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution by the Board of Supervisors of Greensville County.

4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors upon request by the School Board.

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the Special Revenue Funds and the Capital Projects Fund.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. All appropriations lapse on June 30, for all School Board expenditures.

8. The operation and maintenance functions and school food expenditures exceeded appropriations. The School Board total expenditures remained under appropriations.

D. Cash and Cash Equivalents

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

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

E. Receivables and Payables

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

F. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the School Board, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	20-40
Vehicles	5
Office and computer equipment	5
Buses	10

G. Compensated Absences

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

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

H. Fund Equity

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

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

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

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

I. Use of Estimates

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

J. Prepaid Items

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

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

K. 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 Board has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liabilities measurement date. For more detailed information on these items, reference the related notes.

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

L. 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.

M. Net Position Flow Assumption

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

N. Pensions

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

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

O. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The 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. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's 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.

Teacher Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher HIC OPEB, and the related HIC OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Medical and Dental Pay-As-You Go

For purposes of measuring the medical and dental pay-as-you go liability, deferred outflows of resources and deferred inflows of resources related to the Plan's OPEB, and the related OPEB expenses, information about the fiduciary net position of the School Board's Medical and Dental Pay-As-You go Plan and the additions to/deductions from the School Board's OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by the County's and School Board's actuary. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Note 2 - Deposits and Investments:

Deposits

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

Investments

Statutes authorize the School Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The School Board has no investments at June 30, 2019.

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

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

	General	School Cafeteria	Total Governmental Activities
Commonwealth of Virginia:			
State sales tax	$ 313,762	$ -	$ 313,762
Federal Government:			
School food program	-	1,237	1,237
21st century learning	45,701	-	45,701
Title I	270,010	-	270,010
Preschool Handicapped	1,066	-	1,066
Title VI-B	120,075	-	120,075
Student Support and Enrichment	3,597	-	3,597
Title VI Rural	5,057	-	5,057
Vocational Education	10,403	-	10,403
Total due from other governments	$ 769,671	$ 1,237	$ 770,908

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

Amounts due to (from) other governments are as follows:

Component unit:		
County of Greensville	$	(537,650)
Other local governments:		
City of Emporia		474,841
	$	(62,809)

Note 4 - Interfund Balances:

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

Fund		Due From Balance		Due To Balance
General	$	-	$	271,949
School Capital Projects		271,949		-
Total	$	271,949	$	271,949

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

Note 5 - Capital Assets:

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	$ 437,775	$ -	$ -	$ 437,775
Total capital assets not being depreciated	$ 437,775	$ -	$ -	$ 437,775
Capital assets being depreciated:				
Buildings and improvements	$ 35,772,799	$ -	$ -	$ 35,772,799
Machinery and equipment	5,558,635	301,840	-	5,860,475
Jointly owned assets	(9,381,421)	856,613	-	(8,524,808)
Total capital assets being depreciated	$ 31,950,013	$ 1,158,453	$ -	$ 33,108,466
Accumulated depreciation:				
Buildings and improvements	$ 16,068,389	$ 861,560	$ -	$ 16,929,949
Machinery and equipment	3,433,230	311,266	-	3,744,496
Jointly owned assets	(2,295,442)	212,323	204,233	(2,287,352)
Total accumulated depreciation	$ 17,206,177	$ 1,385,149	$ 204,233	$ 18,387,093
Total capital assets being depreciated, net	$ 14,743,836	$ (226,696)	$ (204,233)	$ 14,721,373
Governmental activities capital assets, net	$ 15,181,611	$ (226,696)	$ (204,233)	$ 15,159,148

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Instruction	$ 1,055,410
Pupil transportation services	102,665
Operation and maintenance services	168,802
School food service	58,272
	$ 1,385,149

Note 6 – Local Contributions:

The actual cash contribution from the County of Greensville, Virginia and the City of Emporia, Virginia is adjusted pursuant to the December 2002 contract for the calculation of the net local educational costs as follows:

	Actual Cash Contributions By Localities	Adjustment for Net Local Costs	Contributions Per Financial Calculation
Greensville	$ 3,840,429	$ 246,709	$ 4,087,138
Emporia	3,678,209	(112,492)	3,565,717
Total	$ 7,518,638	$ 134,217	$ 7,652,855

Subsequent to issuance of the report dated January 3, 2020, it was discovered that the original computation of the net local educational costs, as prepared in a separate allocation report, erroneously omitted local school board debt service costs reported by the County on behalf of the School Board. This resulted in a corrected allocation of net local educational costs in the amount of $1,175,146.

School boards do not show debt obligations. Because the School Board legally cannot issue debt, the debt is shown on the County's financial statements. Although the School Board pays annual debt service, the expenditure is reported as being made by the County. For this presentation, the local contribution is reduced by the expenditure of debt service as follows:

	Actual Net Contribution By Localities	Principal Payments	Interest Payments	Contributions Per Financial Statements
Greensville	$ 4,087,138	$ 877,729	$ 297,417	$ 2,911,992
Emporia	3,565,717	-	-	3,565,717
Total	$ 7,652,855	$ 877,729	$ 297,417	$ 6,477,709

Note 7 – Pension Plan:

Plan Description

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

Benefit Structures

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

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

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

Note 7 – Pension Plan: (Continued)

Benefit Structures: (Continued)

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.

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.

Note 7 - Pension Plan: (Continued)

Plan Description (Continued)

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:

	School Board (nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	76
Inactive members:	
Vested inactive members	7
Non-vested inactive members	27
Inactive members active elsewhere in VRS	4
Total inactive members	38
Active members	52
Total covered employees	166

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 School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 5.11% 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 School Board's nonprofessional employees were $48,104 and $54,669 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 7 - Pension Plan: (Continued)

Net Pension Asset

The net pension asset (NPA) 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 School Board's (nonprofessional) net pension asset was measured as of June 30, 2018. The total pension assets used to calculate the net pension assets were determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

The School Board's nonprofessional net asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees

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

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 7 - Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

Mortality rates: (Continued)

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%

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%

Note 7 - Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
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 pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the

Note 7 - Pension Plan: (Continued)

Discount Rate: (Continued)

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 (Asset)

	School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2017	$ 5,600,072	$ 5,609,020	$ (8,948)
Changes for the year:			
Service cost	$ 83,811	$ -	$ 83,811
Interest	378,660	-	378,660
Differences between expected and actual experience	(74,674)	-	(74,674)
Contributions - employer	-	54,501	(54,501)
Contributions - employee	-	44,425	(44,425)
Net investment income	-	407,611	(407,611)
Benefit payments, including refunds	(381,284)	(381,284)	-
Administrative expenses	-	(3,683)	3,683
Other changes	-	(356)	356
Net changes	$ 6,513	$ 121,214	$ (114,701)
Balances at June 30, 2018	$ 5,606,585	$ 5,730,234	$ (123,649)

Note 7 - Pension Plan: (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the School Board (nonprofessional) using the discount rate of 7.00%, as well as what the School Board's (nonprofessional) net pension liability asset 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%)
School Board's (nonprofessional) Net Pension Liability (Asset)	$ 421,306	$ (123,649)	$ (591,286)

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

For the year ended June 30, 2019, the School Board (nonprofessional) recognized pension expense of ($61,300). At June 30, 2019, the School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

School Board (nonprofessional)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 31,259
Net difference between projected and actual earnings on pension plan investments	-	40,349
Employer contributions subsequent to the measurement date	48,104	-
Total	$ 48,104	$ 71,608

Note 7 - Pension Plan: (Continued)

$48,104 reported as deferred outflows of resources related to pensions resulting from the School Board's (nonprofessional) 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		School Board (nonprofessional)
2020	$	(6,850)
2021		(1,358)
2022		(58,400)
2023		(5,000)
2024		-
Thereafter		-

Pension Plan Data

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

Component Unit School Board (professional)

Plan Description

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

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $2,047,927 and $2,071,370 for the years ended June 30, 2019 and June 30, 2018, respectively.

Note 7 - Pension Plan: (Continued)

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

At June 30, 2019, the school division reported a liability of $18,875,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion was .16050% as compared to .15599% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of $985,000 Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,614,000
Change in assumptions	225,000	-
Net difference between projected and actual earnings on pension plan investments	-	400,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	659,000	815,000
Employer contributions subsequent to the measurement date	2,047,927	-
Total	$ 2,931,927	$ 2,829,000

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

$2,047,927 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30		
2020	$	(341,000)
2021		(515,000)
2022		(893,000)
2023		(188,000)
2024		(8,000)

Actuarial Assumptions

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

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

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

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

Mortality rates:

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

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

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

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability

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

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

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

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

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

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

			Rate			
		1% Decrease (6.00%)		Current Discount (7.00%)		1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	$	28,832,000	$	18,875,000	$	10,633,000

Note 7 - Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

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

Aggregate Pension Information

	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:				
School Board Nonprofessional	$ 48,104	$ 71,608	$ (123,649)	$ (61,300)
School Board Professional	2,931,927	2,829,000	18,875,000	985,000
Totals	$ 2,980,031	$ 2,900,608	$ 18,751,351	$ 923,700

Note 8 - Surety Bond Information:

Officials below were under bond in the amounts indicated:

Hartford Accident and Indemnity Company - Surety:	
Dr. Kim Evans, Superintendent	$ 10,000
Paige Crewe, Clerk of School Board	10,000
Alicia Hargrove, Deputy Clerk of the School Board	10,000
Amber P. Barbour, Bookkeeper	10,000
LaTina Smith, Payroll Clerk	10,000

Note 9 - Commitments and Contingencies:

Federal programs in which the School Board 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 - Risk Management:

The School Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School Board joined together with other local governments in Virginia to form the Virginia Association of Counties Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The School Board pays an annual premium to the association for its general liability insurance.

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

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

Note 11 - Litigation:

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

Note 12 - City/County School Cost Agreement:

The City of Emporia and the County of Greensville are parties to an agreement that contains provisions for cost sharing, representation and other matters relating to the Greensville County Public School System. The current agreement expired June 30, 2019. The City and County are in negotiations to extend the agreement.

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

County of Greensville	$	275,000
City of Emporia		225,000
Total long-term advance	$	500,000

Note 13 – 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 13 – 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 School Board nonprofessional and School Board professional were $4,902 and $70,119 and $4,616 and $67,985 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 School Board nonprofessional reported a liability of $71,000 and the School Board professional $1,044,000 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 for School Board nonprofessional was .00467% and School Board professional was .06876% as compared to .00458% and .06758% at June 30, 2017, respectively.

For the year ended June 30, 2019, the participating employer recognized GLI OPEB expense of $1,000 for School Board nonprofessional and $8,000 for School Board professional. 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.

Note 13 – 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)

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:

School Board (nonprofessional)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,000	$ 2,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,000
Change in assumptions	-	3,000
Employer contributions subsequent to the measurement date	4,902	-
Total	$ 7,902	$ 7,000
School Board (professional)		
Differences between expected and actual experience	$ 51,000	$ 18,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	34,000
Change in assumptions	-	44,000
Changes in proportion	17,000	7,000
Employer contributions subsequent to the measurement date	70,119	-
Total	$ 138,119	$ 103,000

Note 13 – Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Group Life Insurance: (Continued)

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

$4,902 and $70,119 (School Board nonprofessional and School Board professional) reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	School Board (nonprofessional)	School Board (professional)
2020	$ (1,000)	$ (14,000)
2021	(1,000)	(14,000)
2022	(2,000)	(14,000)
2023	-	(4,000)
2024	-	6,000
Thereafter	-	5,000

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 13 – 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 13 – 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.

Note 13 – Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – SPORS 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 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%

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.

Note 13 – Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – VaLORS 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 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 13 – 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.

Note 13 – Group Life Insurance (GLI) 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 Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

Note 13 – Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 13 – 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.

Note 13 – Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the 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.

Note 13 – Group Life Insurance (GLI) 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 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.

Note 13 – Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

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%)
School Board (nonprofessional's) proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 93,000	$ 71,000	$ 54,000
School Board (professional's) proportionate share of the Group Life Insurance Program Net OPEB Liability	$ 1,364,000	$ 1,044,000	$ 784,000

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

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

HIC Program Notes

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

Note 14 – Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were $161,626 and $160,501 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of $2,049,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .16135% as compared to .15683% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of $169,000. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

Note 14 – Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	2,000
Change in assumptions	-	18,000
Change in proportion	50,000	30,000
Employer contributions subsequent to the measurement date	161,626	-
Total	$ 211,626	$ 60,000

$161,626 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2020	$ (3,000)
2021	(3,000)
2022	(3,000)
2023	(2,000)
2024	(3,000)
Thereafter	4,000

Note 14 – Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

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

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

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

Mortality Rates – Teachers

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

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

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

Note 14 – Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

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

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

Net Teacher Employee HIC OPEB Liability

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

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

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

Note 14 – Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

		Rate	
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 2,288,000	$ 2,049,000	$ 1,845,000

Teacher Employee HIC OPEB Fiduciary Net Position

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

Note 15 – Health Insurance (Single-employer Defined Benefit Plan)

Plan Description

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

Benefits Provided

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

Plan Membership

At July 1, 2018 (measurement date), the following employees were covered by the benefit terms:

	School Board
Total active employees with coverage	310
Total inactive employees or retirees with coverage	6
Total	316

Contributions

The School Board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the School Board. The amount paid by the School Board for OPEB as the benefits came due during the year ended June 30, 2019 was $33,900.

Note 15 – Health Insurance (Single-employer Defined Benefit Plan): (Continued)

Contributions: (Continued)

Total OPEB Liability

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

Actuarial Assumptions

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

Actuarial Cost Method	Entry age actuarial cost method
Discount Rate	3.62% as of July 1, 2018
Inflation	N/A
Healthcare Trend Rate	6.00% for fiscal year end 2019, decreasing .50% per year to an ultimate rate of 5.00%
Salary Increase Rates	Future salaries are assumed to increase by 2.50% annually
Retirement Age	Reduced benefit: Age 50 and 10 years of service or Age 55 and 5 years of service; Unreduced benefit: Age 65 and 5 years of service or Age 50 with 30 years of service
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality scale MP-2018

Discount Rate

The discount rate has been set equal to 3.62% and represents the Municipal GO AA 20-year yield curve rate as of June 30, 2018.

Note 15 – Health Insurance (Single-employer Defined Benefit Plan): (Continued)

Changes in Total OPEB Liability

Changes in Net OPEB Liability

		Total OPEB Liability
Balances at July 1, 2017	$	614,400
Changes for the year:		
Service cost		31,800
Interest		22,000
Difference between expected and actual experience		(24,300)
Changes in assumptions		(30,400)
Contributions - employer		(33,900)
Net changes		(34,800)
Balances at June 30, 2018	$	579,600

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

The following amounts present the total OPEB liability of the School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.62%) or one percentage point higher (4.62%) than the current discount rate:

	Rate		
	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
School Board's Total OPEB Liability	$ 624,700	$ 579,600	$ 538,100

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

The following presents the total OPEB liabilities of the School Board, as well as what the total OPEB liabilities would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate used of (6.00%):

	Rates		
	1% Decrease (7.00%)	Healthcare Cost Trend (6.00%)	1% Increase (5.00%)
School Board's Total OPEB Liability	$ 524,000	$ 579,600	$ 644,500

Note 15 – Health Insurance (Single-employer Defined Benefit Plan): (Continued)

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

For the year ended June 30, 2019, the School Board recognized OPEB expense in the amount of $51,500. There were no Deferred Outflows of Resources related to OPEB. Deferred Inflows of Resources related to OPEB as of June 30, 2019 from various sources are as follows:

		Deferred Inflows of Resources
Changes of assumptions	$	25,700
Differences between expected and actual experience		20,500
Total	$	46,200

Amounts reported as deferred deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30		
2020	$	(8,500)
2021		(8,500)
2022		(8,500)
2023		(8,500)
2024		(8,500)
Thereafter		(3,700)

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

Note 16 – Aggregate OPEB Information:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 13):				
School Board Nonprofessional	$ 7,902	$ 7,000	$ 71,000	$ 1,000
School Board Professional	138,119	103,000	1,044,000	8,000
Health Insurance Credit Program (Note 14)	211,626	60,000	2,049,000	169,000
School Stand-Alone Plan (Note 15)	-	46,200	579,600	51,500
Totals	$ 357,647	$ 216,200	$ 3,743,600	$ 229,500

Note 17 – Adoption of Accounting Principles:

The School Board 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 18 - 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.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements,* clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Note 18 - 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

Note to Required Supplementary Information:

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

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

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Charges for services	$ 3,649,249	$ 3,649,249	$ 3,680,882	$ 31,633
Miscellaneous	242,021	242,021	284,087	42,066
Intergovernmental:				
County contribution to school board	3,222,102	3,222,102	2,911,992	(310,110)
Commonwealth	17,843,455	17,843,455	17,239,450	(604,005)
Federal	2,428,832	2,428,832	2,125,199	(303,633)
Total revenues	$ 27,385,659	$ 27,385,659	$ 26,241,610	$ (1,144,049)
EXPENDITURES				
Current:				
Education:				
Instruction	$ 21,930,545	$ 21,930,545	$ 21,047,128	$ 883,417
Administration, attendance and health	1,307,257	1,307,257	1,235,057	72,200
Pupil transportation services	1,603,130	1,603,130	1,460,006	143,124
Operation and maintenance services	2,544,727	2,544,727	2,499,419	45,308
Total expenditures	$ 27,385,659	$ 27,385,659	$ 26,241,610	$ 1,144,049
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ -	$ -
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

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

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Charges for services	$ 221,101	$ 221,101	$ 187,239	$ (33,862)
Intergovernmental:				
Commonwealth	22,000	22,000	49,412	27,412
Federal	1,200,000	1,300,010	1,609,493	309,483
Total revenues	$ 1,443,101	$ 1,543,111	$ 1,846,144	$ 303,033
EXPENDITURES				
Current:				
School food service	$ 1,443,101	$ 1,543,111	$ 1,758,349	$ (215,238)
Total expenditures	$ 1,443,101	$ 1,543,111	$ 1,758,349	$ (215,238)
Excess (deficiency) of revenues over (under) expenditures	$ -	$ -	$ 87,795	$ 87,795
Net change in fund balances	$ -	$ -	$ 87,795	$ 87,795
Fund balances - beginning	-	-	888,610	888,610
Fund balances - ending	$ -	$ -	$ 976,405	$ 976,405

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

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 83,811	$ 84,559	$ 90,677	$ 69,864	$ 85,217
Interest	378,660	373,845	365,187	355,274	347,301
Differences between expected and actual experience	(74,674)	3,015	59,707	68,750	-
Changes in assumptions	-	2,008	-	-	-
Benefit payments, including refunds of employee contributions	(381,284)	(408,001)	(375,762)	(328,801)	(308,428)
Net change in total pension liability	$ 6,513	$ 55,426	$ 139,809	$ 165,087	$ 124,090
Total pension liability - beginning	5,600,072	5,544,646	5,404,837	5,239,750	5,115,660
Total pension liability - ending (a)	$ 5,606,585	$ 5,600,072	$ 5,544,646	$ 5,404,837	$ 5,239,750
Plan fiduciary net position					
Contributions - employer	$ 54,501	$ 52,923	$ 64,243	$ 81,768	$ 66,849
Contributions - employee	44,425	43,101	48,082	50,945	36,349
Net investment income	407,611	626,818	88,826	244,410	756,219
Benefit payments, including refunds of employee contributions	(381,284)	(408,001)	(375,762)	(328,801)	(308,428)
Administrative expense	(3,683)	(3,849)	(3,509)	(3,491)	(4,210)
Other	(356)	(548)	(39)	(49)	40
Net change in plan fiduciary net position	$ 121,214	$ 310,444	$ (178,159)	$ 44,782	$ 546,819
Plan fiduciary net position - beginning	5,609,020	5,298,576	5,476,735	5,431,953	4,885,134
Plan fiduciary net position - ending (b)	$ 5,730,234	$ 5,609,020	$ 5,298,576	$ 5,476,735	$ 5,431,953
School Division's net pension liability (asset) - ending (a) - (b)	$ (123,649)	$ (8,948)	$ 246,070	$ (71,898)	$ (192,203)
Plan fiduciary net position as a percentage of the total pension liability	102.21%	100.16%	95.56%	101.33%	103.67%
Covered payroll	$ 883,745	$ 844,634	$ 806,013	$ 839,952	$ 732,230
School Division's net pension liability (asset) as a percentage of covered payroll	-13.99%	-1.06%	30.53%	-8.56%	-26.25%

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

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

	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.16%	0.16%	0.16%	0.17%	0.17%
Employer's Proportionate Share of the Net Pension Liability	$ 18,875,000	$ 19,184,000	$ 22,448,000	$ 20,913,000	$ 19,550,000
Employer's Covered Payroll	13,057,193	12,371,196	12,195,239	12,396,864	11,830,375
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.56%	155.07%	184.07%	168.70%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	72.92%	68.28%	70.68%	70.88%

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

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Component Unit School Board (nonprofessional)					
2019	$ 48,104	$ 48,104	$ -	$ 942,753	5.10%
2018	54,669	54,669	-	883,745	6.19%
2017	55,155	55,155	-	844,634	6.53%
2016	65,529	65,529	-	806,013	8.13%
2015	68,288	68,288	-	839,952	8.13%
2014	72,125	72,125	-	732,230	9.85%
2013	79,877	79,877	-	810,929	9.85%
2012	56,100	56,100	-	842,335	6.66%
2011	71,094	71,094	-	1,067,483	6.66%
2010	82,895	82,895	-	1,191,014	6.96%

Component Unit School Board (professional)

	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	$ 2,047,927	$ 2,047,927	$ -	$ 13,468,819	15.20%
2018	2,071,370	2,071,370	-	13,057,193	15.86%
2017	1,969,483	1,969,483	-	12,371,196	15.92%
2016	1,704,739	1,704,739	-	12,195,239	13.98%
2015	1,724,865	1,724,865	-	12,396,864	13.91%
2014	1,380,711	1,380,711	-	11,830,375	11.67%
2013	1,401,165	1,401,165	-	12,016,851	11.66%
2012	743,515	743,515	-	11,745,892	6.33%
2011	472,364	472,364	-	12,019,433	3.93%
2010	840,589	840,589	-	12,722,130	6.61%

All contributions are from Virginia Retirement System records.

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

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

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
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
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Component Unit School Board - Professional 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

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

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
School Board (nonprofessional):					
2018	0.00467%	$ 71,000	$ 887,643	8.00%	51.22%
2017	0.00458%	69,000	844,634	8.17%	48.86%
School Board (professional):					
2018	0.06876%	$ 1,044,000	$ 13,074,080	7.99%	51.22%
2017	0.06758%	1,016,000	12,464,555	8.15%	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)
School Board (nonprofessional):					
2019	$ 4,902	$ 4,902	$ -	$ 942,753	0.52%
2018	4,616	4,616	-	887,643	0.52%
2017	4,392	4,392	-	844,634	0.52%
2016	3,900	3,900	-	812,425	0.48%
2015	4,063	4,063	-	846,436	0.48%
2014	3,529	3,529	-	735,280	0.48%
2013	3,892	3,892	-	810,929	0.48%
2012	2,359	2,359	-	842,335	0.28%
2011	2,989	2,989	-	1,067,483	0.28%
2010	2,391	2,391	-	885,712	0.27%
School Board (professional):					
2019	$ 70,119	$ 70,119	$ -	$ 13,484,466	0.52%
2018	67,985	67,985	-	13,074,080	0.52%
2017	64,816	64,816	-	12,464,555	0.52%
2016	58,824	58,824	-	12,254,954	0.48%
2015	59,330	59,330	-	12,360,354	0.48%
2014	56,798	56,798	-	11,832,859	0.48%
2013	57,949	57,949	-	12,072,740	0.48%
2012	33,279	33,279	-	11,885,407	0.28%
2011	33,654	33,654	-	12,019,433	0.28%
2010	25,762	25,762	-	9,541,304	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 Net OPEB Liability and Related Ratios
OPEB - Health Insurance Plan
For the Measurement Dates of June 30, 2019 and 2018

	2019	2018
Total OPEB liability		
Service cost	$ 31,800	$ 31,000
Interest	22,000	21,700
Changes in assumptions	(30,400)	-
Differences between expected and actual experience	(24,300)	-
Employer contributions	(33,900)	(31,500)
Net change in total OPEB liability	$ (34,800)	$ 21,200
Total OPEB liability - beginning	614,400	593,200
Total OPEB liability - ending	$ 579,600	$ 614,400
Covered employee payroll	$ 12,762,900	$ 10,861,100
School Boards total OPEB liability (asset) as a percentage of covered employee payroll	4.54%	5.66%

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

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

Valuation Date: 7/1/2018
Measurement Date: 7/1/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	3.62% as of July 1, 2018
Inflation	N/A
Healthcare Trend Rate	6.00% for fiscal year end 2019, decreasing .50% per year to an ultimate rate of 5.00%
Salary Increase Rates	2.50%
Retirement Age	Reduced benefit: Age 50 and 10 years of service or Age 55 and 5 years of service; Unreduced benefit: Age 65 and 5 years of service or Age 50 with 30 years of service
Mortality Rates	RP-2014 Mortality Table, fully generational with base year 2006, projected using two-dimensional mortality improvement scale MP-2018

GREENSVILLE COUNTY SCHOOL BOARD **Exhibit 18**

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

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

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
School Board - Professional:					
2018	0.16135%	$ 2,049,000	$ 13,048,882	15.70%	8.08%
2017	0.15683%	1,989,000	12,376,982	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available.

Schedule of Employer Contributions
Teacher Employee 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)
School Board - Professional:					
2019	$ 161,626	$ 161,626	$ -	$ 13,468,819	1.20%
2018	160,501	160,501	-	13,048,882	1.23%
2017	137,385	137,385	-	12,376,982	1.11%
2016	129,460	129,460	-	12,213,198	1.06%
2015	130,951	130,951	-	12,353,822	1.06%
2014	131,314	131,314	-	11,830,062	1.11%
2013	132,175	132,175	-	11,907,679	1.11%
2012	70,475	70,475	-	11,745,892	0.60%
2011	72,117	72,117	-	12,019,433	0.60%
2010	99,230	99,230	-	9,541,304	1.04%

Notes to Required Supplementary Information
Teacher Employee 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:

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

OTHER SUPPLEMENTARY INFORMATION

- Supporting Schedules -

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
Charges for services:				
Tuition - City of Emporia (Note 6)	$ 3,499,249	$ 3,499,249	$ 3,565,717	$ 66,468
Charges to other localities	150,000	150,000	115,165	(34,835)
Total charges for services	$ 3,649,249	$ 3,649,249	$ 3,680,882	$ 31,633
Miscellaneous:				
Miscellaneous	$ 242,021	$ 242,021	$ 284,087	$ 42,066
Total miscellaneous	$ 242,021	$ 242,021	$ 284,087	$ 42,066
Total revenue from local sources	$ 3,891,270	$ 3,891,270	$ 3,964,969	$ 73,699
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Greensville, Virginia (Note 6)	$ 3,222,102	$ 3,222,102	$ 2,911,992	$ (310,110)
Total revenues from local governments	$ 3,222,102	$ 3,222,102	$ 2,911,992	$ (310,110)
Revenue from the Commonwealth:				
Other categorical aid:				
Share of state sales tax	$ 2,639,550	$ 2,639,550	$ 2,666,794	$ 27,244
Basic school aid	8,257,979	8,257,979	7,792,075	(465,904)
Remedial education	641,096	641,096	613,230	(27,866)
Gifted and talented	86,612	86,612	82,840	(3,772)
Special education	871,653	871,653	833,798	(37,855)
Textbook payment	174,418	174,418	166,822	(7,596)
Remedial summer school	139,445	139,445	121,413	(18,032)
Vocational education	210,551	210,551	201,409	(9,142)
Group life fringe benefits	34,645	34,645	33,136	(1,509)
Social security fringe benefits	511,178	511,178	488,970	(22,208)
Retirement fringe benefits	1,127,072	1,127,072	1,078,068	(49,004)
Early reading intervention	54,899	54,899	54,892	(7)
Early reading specialist	-	-	51,149	51,149
Homebound	70,825	70,825	56,782	(14,043)
Special education - jails	4,842	4,842	269	(4,573)

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Regular - foster care	$ 38,677	$ 38,677	$ 8,979	$ (29,698)
Enrollment loss	-	-	86,726	86,726
Regional Governor's school	-	-	19,801	19,801
Math/reading instructional	102,298	102,298	51,149	(51,149)
At risk payments	681,463	681,463	725,131	43,668
At risk payments - 4 year olds	253,860	253,860	262,191	8,331
Primary class size	601,373	601,373	616,931	15,558
Additional lottery	439,780	439,780	603,322	163,542
Project graduation	7,482	7,482	7,482	-
Vocational occupational/technical education	28,562	28,562	37,692	9,130
Technology Initiative	154,000	154,000	154,000	-
Standards of Learning algebra readiness	47,436	47,436	52,666	5,230
Special education - regional	69,766	69,766	31,223	(38,543)
English as a second language	43,681	43,681	37,893	(5,788)
Middle school teacher corps	-	-	10,000	10,000
Special education - foster care	-	-	9,873	9,873
Professional development of teachers and principals	-	-	21,600	21,600
Academic reviews	-	-	1,500	1,500
Security doors	65,000	65,000	37,866	(27,134)
Mentor teacher program	5,171	5,171	2,683	(2,488)
PBIS	-	-	34,322	34,322
Career tech	-	-	5,014	5,014
Workforce readiness	-	-	845	845
Medicaid	480,141	480,141	176,414	(303,727)
Certification bonus	-	-	2,500	2,500
Total other categorical aid	$ 17,843,455	$ 17,843,455	$ 17,239,450	$ (604,005)
Total revenue from the Commonwealth	$ 17,843,455	$ 17,843,455	$ 17,239,450	$ (604,005)
Revenue from the federal government:				
Categorical aid:				
Title I	$ 1,132,740	$ 1,132,740	$ 933,910	$ (198,830)
Title VI-B, special education flow-through	629,040	629,040	602,183	(26,857)
Student Support and Academic Enrichment Program	-	-	15,092	15,092
JROTC	-	-	53,617	53,617

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title III	$ -	$ -	$ 9,372	$ 9,372
Vocational education	60,000	60,000	31,306	(28,694)
Title VI-B, special education pre-school	8,015	8,015	7,928	(87)
Title II-A Teacher Quality	142,037	142,037	71,136	(70,901)
Title VI	47,000	47,000	52,354	5,354
21st century learning	410,000	410,000	348,301	(61,699)
Total categorical aid	$ 2,428,832	$ 2,428,832	$ 2,125,199	$ (303,633)
Total revenue from the federal government	$ 2,428,832	$ 2,428,832	$ 2,125,199	$ (303,633)
Total General Fund	$ 27,385,659	$ 27,385,659	$ 26,241,610	$ (1,144,049)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	$ 221,101	$ 221,101	$ 187,239	$ (33,862)
Total charges for services	$ 221,101	$ 221,101	$ 187,239	$ (33,862)
Total revenue from local sources	$ 221,101	$ 221,101	$ 187,239	$ (33,862)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	$ 22,000	$ 22,000	$ 49,412	$ 27,412
Total categorical aid	$ 22,000	$ 22,000	$ 49,412	$ 27,412
Total revenue from the Commonwealth	$ 22,000	$ 22,000	$ 49,412	$ 27,412
Revenue from the federal government:				
Categorical aid:				
School food	$ 1,200,000	$ 1,300,010	$ 1,609,493	$ 309,483
Total categorical aid	$ 1,200,000	$ 1,300,010	$ 1,609,493	$ 309,483
Total revenue from the federal government	$ 1,200,000	$ 1,300,010	$ 1,609,493	$ 309,483
Total School Cafeteria Fund	$ 1,443,101	$ 1,543,111	$ 1,846,144	$ 303,033
Total governmental funds	$ 28,828,760	$ 28,928,770	$ 28,087,754	$ (841,016)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2019

Fund, Function, Activity, and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Education:				
Instruction	$ 21,930,545	$ 21,930,545	$ 21,047,128	$ 883,417
Administration, attendance and health	1,307,257	1,307,257	1,235,057	72,200
Pupil transportation services	1,603,130	1,603,130	1,460,006	143,124
Operation and maintenance	2,544,727	2,544,727	2,499,419	45,308
Total education	$ 27,385,659	$ 27,385,659	$ 26,241,610	$ 1,144,049
Total General Fund	$ 27,385,659	$ 27,385,659	$ 26,241,610	$ 1,144,049
School Cafeteria Fund:				
School Food Service:				
School food administration	$ 1,443,101	$ 1,543,111	$ 1,758,349	$ (215,238)
Total School Cafeteria Fund	$ 1,443,101	$ 1,543,111	$ 1,758,349	$ (215,238)
Total governmental funds	$ 28,828,760	$ 28,928,770	$ 27,999,959	$ 928,811

COMPLIANCE

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

To the Honorable Members of
Greensville County School Board
Emporia, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and each major fund of the Greensville County School Board, a component unit of the County of Greensville, Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Greensville County School Board's basic financial statements, and have issued our report thereon dated January 3, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
January 3, 2020