
GREENSVILLE COUNTY SCHOOL BOARD

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

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

School Board

Marva J. Dunn, Chairman

Janey V. Bush, Vice-Chairman

Rhonda Jones-Gilliam

Drexel W. Pierce, Jr.

Janet P. Roberts

Jason D. Rook

Superintendent of Schools

Dr. Kim Evans

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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, 2020, 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 respective financial position of the governmental activities and each major fund of Greenville County School Board, as of June 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedules related to pension and OPEB funding on pages 3-6, 64-65, and 66-78 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 Greenville 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 April 2, 2021, on our consideration of Greenville 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 Greenville 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 Greenville County School Board's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

April 2, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Greenville County School Board (a component unit of the County of Greenville, 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, 2020. We encourage readers to consider the information presented herein in connection with the School Board's basic financial statements.

Financial Highlights for FY2020

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 \$6,206,264.

The School Board's net position decreased \$470,317 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 like a private-sector business.

The statement of net position presents information on all School Board 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 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. Greenville 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 \$6,206,264 at the close of the most recent fiscal year.

Financial Analysis of the School Board as a Whole

Two years of information are presented 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, 2020 and 2019			
	2020	2019	
Current and other assets	\$ 5,364,263	\$ 4,797,734	
Capital assets	15,269,008	15,159,148	
Total assets	<u>\$ 20,633,271</u>	<u>\$ 19,956,882</u>	
Deferred outflows of resources	<u>\$ 5,243,192</u>	<u>\$ 3,337,678</u>	
Current liabilities	\$ 4,029,817	\$ 3,295,099	
Long-term liabilities	25,464,849	22,618,600	
Total liabilities	<u>\$ 29,494,666</u>	<u>\$ 25,913,699</u>	
Deferred inflows of resources	<u>\$ 2,588,061</u>	<u>\$ 3,116,808</u>	
Net position:			
Investment in capital assets	\$ 15,269,008	\$ 15,159,148	
Unrestricted	(21,475,272)	(20,895,095)	
Total net position	<u>\$ (6,206,264)</u>	<u>\$ (5,735,947)</u>	

Statement of Net Position (Continued)

The School Board's combined net position decreased \$470,317 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 and nonprofessional 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, 2020 and 2019		
	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 3,416,453	\$ 3,868,121
Operating grants and contributions	11,024,633	10,564,685
General revenues:		
Basic aid	7,601,164	7,792,075
State sales tax	2,770,515	2,666,794
Grants and other contributions unrestricted	3,838,307	3,760,515
Other	381,638	284,087
Total revenues	\$ 29,032,710	\$ 28,936,277
Expenses:		
Instruction	\$ 22,645,484	\$ 20,932,456
Administration, Attendance & Health	1,225,443	1,181,291
Pupil Transportation Services	1,512,531	1,499,112
Operation & Maintenance Services	2,536,145	2,472,554
School Food Service	1,583,424	1,566,594
Total expenses	\$ 29,503,027	\$ 27,652,007
Increase (decrease) in net position	\$ (470,317)	\$ 1,284,270
Net position - beginning	(5,735,947)	(7,020,217)
Net position - ending	\$ (6,206,264)	\$ (5,735,947)

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, 2020 and 2019 amounts to \$15,269,008 and \$15,159,148 (net of accumulated depreciation), respectively. Below is a list of the items that make up capital assets as of June 30, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Land	\$ 437,775	\$ 437,775
Buildings and improvements (net)	12,504,805	12,605,394
Machinery & equipment (net)	<u>2,326,428</u>	<u>2,115,979</u>
Total capital assets	<u>\$ 15,269,008</u>	<u>\$ 15,159,148</u>

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 6-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 four 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 2020. The agreement allocates the net local costs for each locality for education. For the year ended June 30, 2020, the School Board had local costs of \$7,326,214. The local costs were allocated based on the agreement as follows:

	<u>Local</u>
County of Greensville, Virginia	\$ 4,145,988
City of Emporia, Virginia	<u>3,180,226</u>
Total Local Costs	<u>\$ 7,326,214</u>

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

Exhibit 1

Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,460,855
Due from other governmental units	749,970
Due from component unit	1,153,438
Capital assets (net of accumulated depreciation):	
Land	437,775
Buildings and improvements	12,504,805
Machinery and equipment	2,326,428
Total assets	<u>\$ 20,633,271</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 4,692,486
OPEB related items	550,706
Total deferred outflows of resources	<u>\$ 5,243,192</u>
LIABILITIES	
Accounts payable	\$ 604,545
Accrued liabilities	1,907,527
Due to City of Emporia	1,017,745
Long-term advance	500,000
Long-term liabilities:	
Due within one year	70,517
Due in more than one year	25,394,332
Total liabilities	<u>\$ 29,494,666</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 2,408,909
OPEB related items	179,152
Total deferred inflows of resources	<u>\$ 2,588,061</u>
NET POSITION	
Investment in capital assets	\$ 15,269,008
Unrestricted	(21,475,272)
Total net position	<u><u>\$ (6,206,264)</u></u>

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

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

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities

Governmental activities:					
Instruction	\$ 22,645,484	\$ 3,297,701	\$ 9,667,246	\$ -	\$ (9,680,537)
Administration, attendance and health	1,225,443	-	-	-	(1,225,443)
Pupil transportation services	1,512,531	-	-	-	(1,512,531)
Operation and maintenance services	2,536,145	-	-	-	(2,536,145)
School food service	1,583,424	118,752	1,357,387	-	(107,285)
Total governmental activities	\$ 29,503,027	\$ 3,416,453	\$ 11,024,633	\$ -	\$ (15,061,941)
General revenues:					
Basic aid				\$ 7,601,164	
State sales tax				2,770,515	
Miscellaneous				381,638	
Payment from County of Greenville				3,838,307	
Total general revenues				\$ 14,591,624	
Change in net position				\$ (470,317)	
Net position - beginning				(5,735,947)	
Net position - ending				\$ (6,206,264)	

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

BASIC FINANCIAL STATEMENTS

- Fund Financial Statements -

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

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2020

	<u>General</u>	<u>School Cafeteria</u>	<u>School Capital Projects</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 2,323,028	\$ 1,007,195	\$ 130,632	\$ 3,460,855
Due from other funds	-	-	271,949	271,949
Due from component units	1,153,438	-	-	1,153,438
Due from other governmental units	694,225	55,745	-	749,970
Total assets	<u>\$ 4,170,691</u>	<u>\$ 1,062,940</u>	<u>\$ 402,581</u>	<u>\$ 5,636,212</u>
LIABILITIES				
Accounts payable	\$ 473,470	\$ 131,075	\$ -	\$ 604,545
Accrued liabilities	1,907,527	-	-	1,907,527
Due to City of Emporia	1,017,745	-	-	1,017,745
Due to other funds	271,949	-	-	271,949
Long term advance	500,000	-	-	500,000
Total liabilities	<u>\$ 4,170,691</u>	<u>\$ 131,075</u>	<u>\$ -</u>	<u>\$ 4,301,766</u>
FUND BALANCE				
Restricted:				
Capital projects - various projects	\$ -	\$ -	\$ 402,581	\$ 402,581
Committed:				
School cafeteria fund	-	931,865	-	931,865
Total fund balances	<u>\$ -</u>	<u>\$ 931,865</u>	<u>\$ 402,581</u>	<u>\$ 1,334,446</u>
Total liabilities and fund balances	<u>\$ 4,170,691</u>	<u>\$ 1,062,940</u>	<u>\$ 402,581</u>	<u>\$ 5,636,212</u>

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

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

Exhibit 4

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	1,334,446
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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		12,504,805	
Machinery and equipment		<u>2,326,428</u>	15,269,008

Deferred outflows of resources are not available to pay for current period
expenditures and, therefore, are not reported in the funds.

Pension related items	\$	4,692,486	
OPEB related items		<u>550,706</u>	5,243,192

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	\$	(21,052,026)	
Capital lease		(451,008)	
Net OPEB liabilities		<u>(3,961,815)</u>	(25,464,849)

Deferred inflows of resources are not due and payable in the current period
and, therefore, are not reported in the funds.

Pension related items	\$	(2,408,909)	
OPEB related items		<u>(179,152)</u>	<u>(2,588,061)</u>

Net position of governmental activities	\$	<u><u>(6,206,264)</u></u>
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The notes to financial statements are an integral part of this statement.

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

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>School Cafeteria</u>	<u>School Capital Projects</u>	<u>Total</u>
REVENUES				
Charges for services	\$ 3,297,701	\$ 118,752	\$ -	\$ 3,416,453
Miscellaneous	381,638	-	-	381,638
Intergovernmental:				
Local government	3,077,336	-	-	3,077,336
Commonwealth	17,589,588	48,131	-	17,637,719
Federal	2,449,337	1,309,256	-	3,758,593
Total revenues	<u>\$ 26,795,600</u>	<u>\$ 1,476,139</u>	<u>\$ -</u>	<u>\$ 28,271,739</u>
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 21,756,971	\$ -	\$ -	\$ 21,756,971
Administration, attendance and health	1,221,849	-	-	1,221,849
Pupil transportation services	1,878,972	-	-	1,878,972
Operation and maintenance services	2,388,816	-	-	2,388,816
School food service	-	1,520,679	-	1,520,679
Debt service:				
Principal retirement	82,017	-	-	82,017
Total expenditures	<u>\$ 27,328,625</u>	<u>\$ 1,520,679</u>	<u>\$ -</u>	<u>\$ 28,849,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (533,025)</u>	<u>\$ (44,540)</u>	<u>\$ -</u>	<u>\$ (577,565)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of capital leases	<u>\$ 533,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,025</u>
Total other financing sources (uses)	<u>\$ 533,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533,025</u>
Net change in fund balances	\$ -	\$ (44,540)	\$ -	\$ (44,540)
Fund balances - beginning	<u>-</u>	<u>976,405</u>	<u>402,581</u>	<u>1,378,986</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 931,865</u>	<u>\$ 402,581</u>	<u>\$ 1,334,446</u>

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

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

Exhibit 6

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, 2020

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

Net change in fund balances - total governmental funds	\$	(44,540)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$	588,111	
Capital outlay for jointly owned assets		754,817	
Depreciation		<u>(1,233,068)</u>	109,860

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of capital lease	\$	(533,025)	
Principal paid on capital lease		<u>82,017</u>	(451,008)

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	\$	(96,521)	
OPEB expense		<u>11,892</u>	<u>(84,629)</u>

Change in net position of governmental activities	\$	<u><u>(470,317)</u></u>
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The notes to financial statements are an integral part of this statement.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies:

Greenville County School Board (a component unit of the County of Greenville, Virginia) is governed by an appointed six-member School Board. The School Board consists of four representatives from the County of Greenville, 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 Greenville, 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 Greenville, Virginia.

The financial statements of Greenville 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 School Board 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 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.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

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 Greenville 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. Greenville County School Board has no component units on June 30, 2020.

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.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

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 way these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are 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 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 principal and interest expenditures on general long-term debt 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 based on 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:

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.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

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

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

1. Governmental Funds (Continued)

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 include 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 Greenville 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. All functions of School Board expenditures were under appropriations.

D. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements

June 30, 2020 (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20-40
Vehicles	5
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 non-vesting 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.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

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

H. Fund Balance

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

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

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

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

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

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

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.

O. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Plan provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Plan 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 Plan 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 Plan 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 Plan 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) Plan 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 Plan 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 Plan; and the additions to/deductions from the VRS Teacher Employee HIC Plan'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.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements

June 30, 2020 (Continued)

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 more than 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 local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

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

On June 30, 2020, the School Board has receivables from other governments as follows:

	<u>General</u>	<u>School Cafeteria</u>	<u>Total Governmental Activities</u>
Commonwealth of Virginia:			
State sales tax	\$ 340,020	\$ -	\$ 340,020
Federal Government:			
School food program	-	55,745	55,745
21st century learning	13,294	-	13,294
Title II Part A	79,652	-	79,652
1003 G School Improvement Grant	34,090	-	34,090
Title I	95,558	-	95,558
Preschool Handicapped	10,658	-	10,658
Title VI-B	63,973	-	63,973
Student Support and Enrichment	30,081	-	30,081
Title VI Rural	4,069	-	4,069
Vocational Education	22,830	-	22,830
Total due from other governments	<u>\$ 694,225</u>	<u>\$ 55,745</u>	<u>\$ 749,970</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 3 - Due From/Due To Other Governmental Units: (Continued)

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

Component unit:	
County of Greenville	\$ (1,153,438)
Other local governments:	
City of Emporia	1,017,745
	<u>\$ (135,693)</u>

Note 4 - Interfund Balances:

Interfund balances for the year ended June 30, 2020 consisted of the following:

<u>Fund</u>	<u>Due From Balance</u>	<u>Due To Balance</u>
General	\$ -	\$ 271,949
School Capital Projects	271,949	-
Total	<u>\$ 271,949</u>	<u>\$ 271,949</u>

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:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated:				
Land	\$ 437,775	\$ -	\$ -	\$ 437,775
Total capital assets not being depreciated	<u>\$ 437,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 437,775</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 35,772,799	\$ -	\$ -	\$ 35,772,799
Machinery and equipment	5,860,475	588,111	-	6,448,586
Jointly owned assets	(8,524,808)	754,817	-	(7,769,991)
Total capital assets being depreciated	<u>\$ 33,108,466</u>	<u>\$ 1,342,928</u>	<u>\$ -</u>	<u>\$ 34,451,394</u>
Accumulated depreciation:				
Buildings and improvements	\$ 16,929,949	\$ 861,560	\$ -	\$ 17,791,509
Machinery and equipment	3,744,496	377,662	-	4,122,158
Jointly owned assets	(2,287,352)	179,208	185,362	(2,293,506)
Total accumulated depreciation	<u>\$ 18,387,093</u>	<u>\$ 1,418,430</u>	<u>\$ 185,362</u>	<u>\$ 19,620,161</u>
Total capital assets being depreciated, net	<u>\$ 14,721,373</u>	<u>\$ (75,502)</u>	<u>\$ (185,362)</u>	<u>\$ 14,831,233</u>
Governmental activities capital assets, net	<u>\$ 15,159,148</u>	<u>\$ (75,502)</u>	<u>\$ (185,362)</u>	<u>\$ 15,269,008</u>

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements

June 30, 2020 (Continued)

Note 5 - Capital Assets: (Continued)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

Instruction	\$ 1,024,360
Pupil transportation services	161,188
Operation and maintenance services	174,611
School food service	58,271
	<u>\$ 1,418,430</u>

Note 6 - Local Contributions:

The actual cash contribution from the County of Greenville, 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:

Governmental activities:

Instruction	\$ 1,024,360
Pupil transportation services	161,188
Operation and maintenance services	174,611
School food service	58,271
	<u>\$ 1,418,430</u>

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:

	<u>Actual Net Contribution By Localities</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Contributions Per Financial Statements</u>
Greenville	\$ 4,145,988	\$ 799,000	\$ 269,652	\$ 3,077,336
Emporia	<u>3,180,226</u>	<u>-</u>	<u>-</u>	<u>3,180,226</u>
Total	<u>\$ 7,326,214</u>	<u>\$ 799,000</u>	<u>\$ 269,652</u>	<u>\$ 6,257,562</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 7—Long-Term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2020:

	<u>Balance at July 1, 2019</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Capital lease	\$ -	\$ 533,025	\$ 82,017	\$ 451,008	\$ 70,517
Net pension liability	18,875,000	7,688,934	5,511,908	21,052,026	-
Net OPEB liabilities	<u>3,743,600</u>	<u>790,488</u>	<u>572,273</u>	<u>3,961,815</u>	<u>-</u>
Total	\$ <u>22,618,600</u>	\$ <u>9,012,447</u>	\$ <u>6,166,198</u>	\$ <u>25,464,849</u>	\$ <u>70,517</u>

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

<u>Year Ending June 30</u>	<u>Capital lease</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 70,517	\$ 11,501
2022	72,315	9,703
2023	74,159	7,858
2024	76,050	5,967
2025	77,989	4,028
2026	<u>79,978</u>	<u>2,040</u>
Total	\$ <u>451,008</u>	\$ <u>41,097</u>

Details of long-term debt obligations are as follows:

	<u>Notes</u>	<u>Interest Rate</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Net OPEB liabilities						\$ 3,961,815	\$ -
Net pension liability						\$ 21,052,026	\$ -
Capital lease							
5 School buses	(a)	2.55%	9/10/2019	9/10/2025	\$ 533,025	\$ 451,008	\$ 70,517
Total outstanding debt						\$ 25,464,849	\$ 70,517

(a) No other terms specified in the debt agreement

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - 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 service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. 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 service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- 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 service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- 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 service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% 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 1.70% 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 service credit 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 service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>School Board (Nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	72
Inactive members:	
Vested inactive members	8
Non-vested inactive members	26
Inactive members active elsewhere in VRS	4
Total inactive members	38
Active members	48
Total covered employees	158

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - Pension Plan: (Continued)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted because 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, 2020 was 5.51% 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 \$51,672 and \$48,104 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that 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 liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019.

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, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, 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 VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action are as follows:

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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - 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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not consider 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - Pension Plan: (Continued)

Discount Rate: (Continued)

fiscal year ended June 30, 2019, 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, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (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, 2018	\$ 5,606,585	\$ 5,730,234	\$ (123,649)
Changes for the year:			
Service cost	\$ 82,538	\$ -	\$ 82,538
Interest	380,155	-	380,155
Differences between expected and actual experience	15,749	-	15,749
Assumption changes	129,906	-	129,906
Contributions - employer	-	48,103	(48,103)
Contributions - employee	-	46,821	(46,821)
Net investment income	-	372,444	(372,444)
Benefit payments, including refunds	(351,593)	(351,593)	-
Administrative expenses	-	(3,873)	3,873
Other changes	-	(233)	233
Net changes	\$ 256,755	\$ 111,669	\$ 145,086
Balances at June 30, 2019	\$ 5,863,340	\$ 5,841,903	\$ 21,437

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - 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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board's (Nonprofessional)			
Net Pension Liability (Asset)	\$ 593,412	\$ 21,437	\$ (443,048)

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

For the year ended June 30, 2020, the School Board (nonprofessional) recognized pension expense of \$118,417. On June 30, 2020, 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	\$ 5,653	\$ -
Change in assumptions	46,633	-
Net difference between projected and actual earnings on pension plan investments	-	49,122
Employer contributions subsequent to the measurement date	51,672	-
Total	\$ 103,958	\$ 49,122

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - Pension Plan: (Continued)

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

\$51,672 reported as deferred outflows of resources related to pensions resulting from the School Board's (nonprofessional) contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>School Board (Nonprofessional)</u>
2021	\$ 54,837
2022	(54,491)
2023	(1,091)
2024	3,909
2025	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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 because 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, 2020 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 \$2,066,682 and \$2,047,927 for the years ended June 30, 2020 and June 30, 2019, respectively.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements

June 30, 2020 (Continued)

Note 8 - 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***

On June 30, 2020, the school division reported a liability of \$21,030,589 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2019, the school division's proportion was .15980% as compared to .16050% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized pension expense of \$2,095,777. 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.

On June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,346,677
Change in assumptions	2,082,521	-
Net difference between projected and actual earnings on pension plan investments	-	461,782
Changes in proportion and differences between employer contributions and proportionate share of contributions	439,325	551,328
Employer contributions subsequent to the measurement date	<u>2,066,682</u>	<u>-</u>
Total	<u>\$ 4,588,528</u>	<u>\$ 2,359,787</u>

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - 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)

\$2,066,682 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions after the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2021	\$	(111,920)
2022		(486,554)
2023		210,175
2024		389,902
2025		160,456

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, 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 VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - 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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7.00% to 6.75%

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - 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 system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2019, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	49,683,336
Plan Fiduciary Net Position		36,522,769
Employers' Net Pension Liability (Asset)	\$	<u>13,160,567</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		73.51%

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 31,660,172	\$ 21,030,589	\$ 12,241,892

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Notes to Financial Statements
June 30, 2020 (Continued)

Note 8 - 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 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-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

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net Pension Liability (Asset)</u>	<u>Pension Expense</u>
VRS Pension Plans:				
School Board Nonprofessional	\$ 103,958	\$ 49,122	\$ 21,437	\$ 118,417
School Board Professional	<u>4,588,528</u>	<u>2,359,787</u>	<u>21,030,589</u>	<u>2,095,777</u>
Totals	<u>\$ 4,692,486</u>	<u>\$ 2,408,909</u>	<u>\$ 21,052,026</u>	<u>\$ 2,214,194</u>

Note 9 - 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 10 - 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.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements

June 30, 2020 (Continued)

Note 11 - 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 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 12 - Litigation:

On June 30, 2020, 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 13 - City/County School Cost Agreement:

The City of Emporia and the County of Greenville are parties to an agreement that contains provisions for cost sharing, representation and other matters relating to the Greenville County Public School System. The current agreement expired June 30, 2020. The City and County are in negotiations to extend and modify 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 Greenville	\$	275,000
City of Emporia		225,000
Total long-term advance	\$	<u>500,000</u>

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan 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 Plan 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 Plan. 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 plan, it is not included as part of the GLI Plan OPEB.

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

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. 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 Plan 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 plan 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 service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

GREENSVILLE COUNTY SCHOOL BOARD

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Notes to Financial Statements

June 30, 2020 (Continued)

Note 14- Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan 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 Plan 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 the employer contributions. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 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 Plan from the School Board nonprofessional and School Board professional were \$5,343 and \$71,449 and \$4,902 and \$70,119 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

On June 30, 2020, the School Board nonprofessional reported a liability of \$78,271 and the School Board professional \$1,119,396 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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 Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2019, the participating employer's proportion for School Board nonprofessional was .00481% and School Board professional was .06879% as compared to .00467% and .06876% on June 30, 2018, respectively.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$2,162 for School Board nonprofessional and \$27,580 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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

On June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

<u>School Board (Nonprofessional)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,206	\$ 1,017
Net difference between projected and actual earnings on GLI OPEB plan investments	-	1,608
Change in assumptions	4,942	2,360
Changes in proportion	1,868	-
Employer contributions subsequent to the measurement date	5,343	-
Total	<u>\$ 17,359</u>	<u>\$ 4,985</u>
<u>School Board (Professional)</u>		
Differences between expected and actual experience	\$ 74,447	\$ 14,520
Net difference between projected and actual earnings on GLI OPEB plan investments	-	22,993
Change in assumptions	70,672	33,755
Changes in proportion	14,241	5,427
Employer contributions subsequent to the measurement date	71,449	-
Total	<u>\$ 230,809</u>	<u>\$ 76,695</u>

\$5,343 and \$71,449 (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, 2021. 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:

<u>Year Ended June 30</u>	<u>School Board (Nonprofessional)</u>	<u>School Board (Professional)</u>
2021	\$ 630	\$ 5,672
2022	630	5,673
2023	1,311	15,412
2024	1,933	25,164
2025	1,961	24,308
Thereafter	566	6,436

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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation:	
General state employees	3.50%-5.35%
Teachers	3.50%-5.95%
SPORS employees	3.50%-4.75%
VaLORS employees	3.50%-4.75%
JRS employees	4.5%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, 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 VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - General State Employees: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 14.00% to 25.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7.00% to 6.75%

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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - SPORS Employees: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 60.00% to 85.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - VaLORS Employees (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 50.00% to 35.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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.

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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - JRS Employees: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7.00% to 6.75%

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.

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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 14.00% to 20.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 60.00% to 70.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan'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, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
GLI Net OPEB Liability (Asset)	\$	<u>1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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.

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Notes to Financial Statements

June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not consider 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. 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, 2019, 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, 2019 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.

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Notes to Financial Statements
June 30, 2020 (Continued)

Note 14 - Group Life Insurance (GLI) Plan (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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board (Nonprofessional's) proportionate share of the GLI Plan Net OPEB Liability	\$ 102,827	\$ 78,271	\$ 58,358
School Board (Professional's) proportionate share of the GLI Plan Net OPEB Liability	\$ 1,470,577	\$ 1,119,396	\$ 834,598

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan 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 Plan. 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 Plan OPEB, including eligibility, coverage, and benefits is described below:

GREENSVILLE COUNTY SCHOOL BOARD

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Notes to Financial Statements
June 30, 2020 (Continued)

Note 15 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Eligible Employees

The Teacher Employee Retiree HIC Plan 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 Plan 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 Plan 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.

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 because 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, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. 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 Plan were \$164,800 and \$161,626 for the years ended June 30, 2019 and June 30, 2019, respectively.

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

On June 30, 2020, the school division reported a liability of \$2,102,148 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. On June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC was .16058% as compared to .16135% on June 30, 2018.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements

June 30, 2020 (Continued)

Note 15 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB: (Continued)***

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC OPEB expense of \$173,932. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

On June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 11,907
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	133	-
Change in assumptions	48,927	14,607
Change in proportion	42,378	33,258
Employer contributions subsequent to the measurement date	<u>164,800</u>	<u>-</u>
Total	<u>\$ 256,238</u>	<u>\$ 59,772</u>

\$164,800 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2021	\$ 2,915
2022	2,912
2023	3,834
2024	3,525
2025	6,492
Thereafter	11,988

GREENSVILLE COUNTY SCHOOL BOARD

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Notes to Financial Statements

June 30, 2020 (Continued)

Note 15 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, 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 VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% 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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 15 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions because of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2019, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,438,114
Plan Fiduciary Net Position		129,016
Teacher Employee Net HIC OPEB Liability (Asset)	\$	<u>1,309,098</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.97%

Net Teacher Employee HIC OPEB Liability:

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.

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements

June 30, 2020 (Continued)

Note 15 - Teacher Employee Health Insurance Credit (HIC) Plan (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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not consider 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. 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, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Plan 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, 2019 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.

GREENSVILLE COUNTY SCHOOL BOARD

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Notes to Financial Statements

June 30, 2020 (Continued)

Note 15 - Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)***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 Plan net HIC OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 2,352,661	\$ 2,102,148	\$ 1,889,338

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 16 - 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.

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 16 - Health Insurance (Single-employer Defined Benefit Plan): (Continued)

Plan Membership

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

	<u>School Board</u>
Total active employees with coverage	310
Total inactive employees or retirees with coverage	<u>6</u>
Total	<u><u>316</u></u>

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, 2020 was \$33,900.

Total OPEB Liability

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

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 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; 3.13% as of July 1, 2019
Inflation	N/A
Healthcare Trend Rate	11.37% for fiscal year end 2019 (to reflect actual experience), then 5.50% for fiscal year end 2020, decreasing 0.50% 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-2019

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 16 - Health Insurance (Single-employer Defined Benefit Plan): (Continued)

Discount Rate

The discount rate has been set equal to 3.13% and represents the Municipal GO AA 20-year yield curve rate as of the measurement date.

Changes in Total OPEB Liability

Changes in Net OPEB Liability	
	Total OPEB Liability
Balances at July 1, 2018	\$ 579,600
Changes for the year:	
Service cost	39,800
Interest	21,800
Difference between expected and actual experience	31,300
Contributions - employer	(33,900)
Other changes	23,400
Net changes	82,400
Balances at June 30, 2019	\$ 662,000

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 (2.13%) or one percentage point higher (4.13%) than the current discount rate:

	Rate		
	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
School Board's Total OPEB Liability	\$ 713,500	\$ 662,000	\$ 614,900

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 5.50%:

	Rates		
	1% Decrease (6.50%)	Healthcare Cost Trend (5.50%)	1% Increase (4.50%)
School Board's Total OPEB Liability	\$ 592,400	\$ 662,000	\$ 744,300

GREENSVILLE COUNTY SCHOOL BOARD
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Notes to Financial Statements
June 30, 2020 (Continued)

Note 16 - 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, 2020, the School Board recognized OPEB expense in the amount of \$67,300. Deferred Outflows and Inflows of Resources related to OPEB as of June 30, 2020 from various sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 19,800	\$ 21,000
Differences between expected and actual experience	26,500	16,700
Total	<u>\$ 46,300</u>	<u>\$ 37,700</u>

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

Year Ended June 30	
2021	\$ (100)
2022	(100)
2023	(100)
2024	(100)
2025	4,700
Thereafter	4,300

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 17 - Aggregate OPEB Information:

	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:				
Group Life Insurance Program (Note 14):				
School Board Nonprofessional	\$ 17,359	\$ 4,985	\$ 78,271	\$ 2,162
School Board Professional	230,809	76,695	1,119,396	27,580
Health Insurance Credit Program (Note 15)	256,238	59,772	2,102,148	173,932
School Stand-Alone Plan (Note 16)	46,300	37,700	662,000	67,300
Totals	<u>\$ 550,706</u>	<u>\$ 179,152</u>	<u>\$ 3,961,815</u>	<u>\$ 270,974</u>

GREENSVILLE COUNTY SCHOOL BOARD

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

Notes to Financial Statements
June 30, 2020 (Continued)

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, 2019.

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 June 15, 2021.

Statement No. 92, Omnibus 2020, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

Note 19 - Subsequent Events:

In December 2019, a novel strain of coronavirus disease ("COVID-19") was first reported in Wuhan, China. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. Through the date of this report, there has been moderate impact on the financial condition of the School Board. Depending on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape, the disease could have a material adverse effect on the School Board's business, results of operations, financial condition, and cash flows.

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.

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

Exhibit 7

General Fund

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

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Charges for services	\$ 3,871,992	\$ 3,871,992	\$ 3,297,701	\$ (574,291)
Miscellaneous	242,021	242,021	381,638	139,617
Intergovernmental:				
County contribution to school board	3,602,693	3,684,710	3,077,336	(607,374)
Commonwealth	17,236,584	17,236,584	17,589,588	353,004
Federal	2,654,578	2,654,578	2,449,337	(205,241)
Total revenues	<u>\$ 27,607,868</u>	<u>\$ 27,689,885</u>	<u>\$ 26,795,600</u>	<u>\$ (894,285)</u>
EXPENDITURES				
Current:				
Education:				
Instruction	\$ 22,077,801	\$ 22,240,525	\$ 21,756,971	\$ 483,554
Administration, attendance and health	1,358,963	1,276,239	1,221,849	54,390
Pupil transportation services	1,672,741	2,189,475	1,878,972	310,503
Operation and maintenance services	2,498,363	2,418,363	2,388,816	29,547
Debt service:				
Principal retirement	-	82,017	82,017	-
Interest and other fiscal charges	-	16,291	-	16,291
Total expenditures	<u>\$ 27,607,868</u>	<u>\$ 28,222,910</u>	<u>\$ 27,328,625</u>	<u>\$ 894,285</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (533,025)</u>	<u>\$ (533,025)</u>	<u>\$ -</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of capital leases	\$ -	\$ 533,025	\$ 533,025	\$ -
Total other financing sources and uses	<u>\$ -</u>	<u>\$ 533,025</u>	<u>\$ 533,025</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

GREENSVILLE COUNTY SCHOOL BOARD
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Exhibit 8

School Cafeteria Fund

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

For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Charges for services	\$ 203,000	\$ 203,000	\$ 118,752	\$ (84,248)
Intergovernmental:				
Commonwealth	35,000	35,000	48,131	13,131
Federal	1,250,000	1,376,639	1,309,256	(67,383)
Total revenues	<u>\$ 1,488,000</u>	<u>\$ 1,614,639</u>	<u>\$ 1,476,139</u>	<u>\$ (138,500)</u>
EXPENDITURES				
Current:				
School food service	<u>\$ 1,488,000</u>	<u>\$ 1,614,639</u>	<u>\$ 1,520,679</u>	<u>\$ 93,960</u>
Total expenditures	<u>\$ 1,488,000</u>	<u>\$ 1,614,639</u>	<u>\$ 1,520,679</u>	<u>\$ 93,960</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,540)</u>	<u>\$ (44,540)</u>
Net change in fund balances	\$ -	\$ -	\$ (44,540)	\$ (44,540)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>976,405</u>	<u>976,405</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 931,865</u></u>	<u><u>\$ 931,865</u></u>

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (Nonprofessional)
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 82,538	\$ 83,811	\$ 84,559	\$ 90,677	\$ 69,864	\$ 85,217
Interest	380,155	378,660	373,845	365,187	355,274	347,301
Differences between expected and actual experience	15,749	(74,674)	3,015	59,707	68,750	-
Changes of assumptions	129,906	-	2,008	-	-	-
Benefit payments	(351,593)	(381,284)	(408,001)	(375,762)	(328,801)	(308,428)
Net change in total pension liability	\$ 256,755	\$ 6,513	\$ 55,426	\$ 139,809	\$ 165,087	\$ 124,090
Total pension liability - beginning	5,606,585	5,600,072	5,544,646	5,404,837	5,239,750	5,115,660
Total pension liability - ending (a)	\$ 5,863,340	\$ 5,606,585	\$ 5,600,072	\$ 5,544,646	\$ 5,404,837	\$ 5,239,750
Plan fiduciary net position						
Contributions - employer	\$ 48,103	\$ 54,501	\$ 52,923	\$ 64,243	\$ 81,768	\$ 66,849
Contributions - employee	46,821	44,425	43,101	48,082	50,945	36,349
Net investment income	372,444	407,611	626,818	88,826	244,410	756,219
Benefit payments	(351,593)	(381,284)	(408,001)	(375,762)	(328,801)	(308,428)
Administrator charges	(3,873)	(3,683)	(3,849)	(3,509)	(3,491)	(4,210)
Other	(233)	(356)	(548)	(39)	(49)	40
Net change in plan fiduciary net position	\$ 111,669	\$ 121,214	\$ 310,444	\$ (178,159)	\$ 44,782	\$ 546,819
Plan fiduciary net position - beginning	5,730,234	5,609,020	5,298,576	5,476,735	5,431,953	4,885,134
Plan fiduciary net position - ending (b)	\$ 5,841,903	\$ 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)	\$ 21,437	\$ (123,649)	\$ (8,948)	\$ 246,070	\$ (71,898)	\$ (192,203)
Plan fiduciary net position as a percentage of the total pension liability	99.63%	102.21%	100.16%	95.56%	101.33%	103.67%
Covered payroll	\$ 942,753	\$ 883,745	\$ 844,634	\$ 806,013	\$ 839,952	\$ 732,230
School Division's net pension liability (asset) as a percentage of covered payroll	2.27%	-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
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Employer's Proportion of the Net Pension Liability	0.16%	0.16%	0.16%	0.16%	0.17%	0.17%
Employer's Proportionate Share of the Net Pension Liability	\$ 21,030,589	\$ 18,875,000	\$ 19,184,000	\$ 22,448,000	\$ 20,913,000	\$ 19,550,000
Employer's Covered Payroll	13,468,819	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	156.14%	144.56%	155.07%	184.07%	168.70%	165.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.51%	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.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Exhibit 11

Schedule of Employer Contributions
Pension Plans
For the Years Ended June 30, 2011 through June 30, 2020

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)					
2020	\$	51,672	\$ 51,672	\$ -	\$ 1,027,520	5.03%
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%

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)
2020	\$	2,066,682	\$ 2,066,682	\$ -	\$ 13,733,318	15.05%
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%

All contributions are from Virginia Retirement System records.

Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2020

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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Board's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

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):					
2019	0.00481%	\$ 78,271	\$ 942,753	8.30%	52.00%
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):					
2019	0.06879%	\$ 1,119,396	\$ 13,484,466	8.30%	52.00%
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.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Exhibit 14

Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2011 through June 30, 2020

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):					
2020	\$ 5,343	\$ 5,343	\$ -	\$ 1,027,520	0.52%
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%
School Board (Professional):					
2020	\$ 71,449	\$ 71,449	\$ -	\$ 13,740,107	0.52%
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%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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 14.00% to 25.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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
Discount Rate	Decreased rate from 7.00% to 6.75%

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 60.00% to 85.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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 50.00% to 35.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020 (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
Discount Rate	Decreased rate from 7.00% to 6.75%

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 14.00% to 20.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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 60.00% to 70.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in Net OPEB Liability and Related Ratios
OPEB - Health Insurance Plan
For the Measurement Dates of June 30, 2018 through June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability			
Service cost	\$ 39,800	\$ 31,800	\$ 31,000
Interest	21,800	22,000	21,700
Changes in assumptions	-	(30,400)	-
Differences between expected and actual experience	31,300	(24,300)	-
Employer contributions	(33,900)	(33,900)	(31,500)
Other changes	23,400	-	-
Net change in total OPEB liability	\$ 82,400	\$ (34,800)	\$ 21,200
Total OPEB liability - beginning	579,600	614,400	593,200
Total OPEB liability - ending	<u>\$ 662,000</u>	<u>\$ 579,600</u>	<u>\$ 614,400</u>
 Covered employee payroll	 \$ 12,762,900	 \$ 12,762,900	 \$ 10,861,100
 School Boards total OPEB liability (asset) as a percentage of covered employee payroll	 5.19%	 4.54%	 5.66%

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

GREENSVILLE COUNTY SCHOOL BOARD**Exhibit 17**

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

Notes to Required Supplementary Information

OPEB - Health Insurance Plan

For the Year Ended June 30, 2020

Valuation Date: 7/1/2018

Measurement Date: 7/1/2019

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Discount Rate	3.62% as of July 1, 2018; 3.13% as of July 1, 2019
Inflation	N/A
Healthcare Trend Rate	11.37% for fiscal year end 2019 (to reflect actual experience), then 5.50% for fiscal year end 2020, decreasing 0.50% 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-2019

Schedule of School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2019

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:					
2019	0.16058% \$	2,102,148 \$	13,468,819	15.61%	8.97%
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.

GREENSVILLE COUNTY SCHOOL BOARD
(A Component Unit of the County of Greenville, Virginia)

Exhibit 19

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2011 through June 30, 2020

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
School Board - Professional:					
2020	\$ 164,800	\$ 164,800	\$ -	\$ 13,733,318	1.20%
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%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2020

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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action 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
Discount Rate	Decreased rate from 7.00% to 6.75%

OTHER SUPPLEMENTARY INFORMATION

- *Supporting Schedules* -

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020

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)	\$ 3,721,992	\$ 3,721,992	\$ 3,180,226	\$ (541,766)
Charges to other localities	150,000	150,000	117,475	(32,525)
Total charges for services	<u>\$ 3,871,992</u>	<u>\$ 3,871,992</u>	<u>\$ 3,297,701</u>	<u>\$ (574,291)</u>
Miscellaneous:				
Miscellaneous	\$ 242,021	\$ 242,021	\$ 381,638	\$ 139,617
Total miscellaneous	<u>\$ 242,021</u>	<u>\$ 242,021</u>	<u>\$ 381,638</u>	<u>\$ 139,617</u>
Total revenue from local sources	<u>\$ 4,114,013</u>	<u>\$ 4,114,013</u>	<u>\$ 3,679,339</u>	<u>\$ (434,674)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Greenville, Virginia (Note 6)	\$ 3,602,693	\$ 3,684,710	\$ 3,077,336	\$ (607,374)
Total revenues from local governments	<u>\$ 3,602,693</u>	<u>\$ 3,684,710</u>	<u>\$ 3,077,336</u>	<u>\$ (607,374)</u>
Revenue from the Commonwealth:				
Other categorical aid:				
Share of state sales tax	\$ 2,712,291	\$ 2,712,291	\$ 2,770,515	\$ 58,224
Basic school aid	7,659,390	7,659,390	7,601,164	(58,226)
Remedial education	606,525	606,525	605,584	(941)
Gifted and talented	81,180	81,180	81,071	(109)
Special education	825,330	825,330	824,036	(1,294)
Textbook payment	164,969	164,969	164,677	(292)
Remedial summer school	121,413	121,413	139,846	18,433
Vocational education	199,144	199,144	198,825	(319)
Vocational education - equipment	-	-	11,214	11,214
Group life fringe benefits	32,768	32,768	32,710	(58)
Social security fringe benefits	484,385	484,385	483,627	(758)
Retirement fringe benefits	1,069,611	1,069,611	1,067,950	(1,661)
Early reading intervention	54,892	54,892	73,175	18,283
Compensation supplement	473,572	473,572	473,572	-
Homebound	57,066	57,066	69,204	12,138
Special education - jails	3,719	3,719	363	(3,356)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2020 (continued)

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid: (Continued)				
Regular - foster care	\$ 25,278	\$ 25,278	\$ 21,207	\$ (4,071)
Regional Governor's school	-	-	19,801	19,801
Math/reading instructional	106,702	106,702	53,351	(53,351)
At risk payments	791,448	791,448	790,775	(673)
At risk payments - 4 year olds	217,653	217,653	217,653	-
Primary class size	589,909	589,909	633,943	44,034
Additional lottery	583,828	583,828	598,606	14,778
Project graduation	6,671	6,671	6,671	-
Vocational occupational/technical education	27,259	27,259	26,690	(569)
Technology Initiative	154,000	154,000	209,606	55,606
Standards of Learning algebra readiness	47,276	47,276	56,440	9,164
Special education - regional	38,149	38,149	32,630	(5,519)
English as a second language	39,473	39,473	39,470	(3)
Middle school teacher corps	-	-	10,000	10,000
Mentor teacher program	2,683	2,683	1,475	(1,208)
PBIS	-	-	29,348	29,348
Career tech	-	-	4,509	4,509
Workforce readiness	-	-	760	760
Medicaid	-	-	144,212	144,212
Certification bonus	-	-	2,500	2,500
Other state funds	<u>60,000</u>	<u>60,000</u>	<u>92,408</u>	<u>32,408</u>
Total other categorical aid	\$ <u>17,236,584</u>	\$ <u>17,236,584</u>	\$ <u>17,589,588</u>	\$ <u>353,004</u>
Total revenue from the Commonwealth	\$ <u>17,236,584</u>	\$ <u>17,236,584</u>	\$ <u>17,589,588</u>	\$ <u>353,004</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,166,981	\$ 1,166,981	\$ 1,019,728	\$ (147,253)
Title VI-B, special education flow-through	653,159	653,159	744,308	91,149
Student Support and Academic Enrichment Program	-	-	55,841	55,841
JROTC	-	-	54,950	54,950

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

Schedule 1
Page 3 of 3

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2020 (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	\$ -	\$ -	\$ 880	\$ 880
School improvement	-	-	84,798	84,798
Vocational education	60,000	60,000	87,593	27,593
Title VI-B, special education pre-school	8,276	8,276	16,614	8,338
Title II-A Teacher Quality	144,182	144,182	137,023	(7,159)
Title VI	47,000	47,000	42,319	(4,681)
21st century learning	149,980	149,980	205,283	55,303
Other federal funds	425,000	425,000	-	(425,000)
Total categorical aid	\$ 2,654,578	\$ 2,654,578	\$ 2,449,337	\$ (205,241)
Total revenue from the federal government	\$ 2,654,578	\$ 2,654,578	\$ 2,449,337	\$ (205,241)
Total General Fund	\$ 27,607,868	\$ 27,689,885	\$ 26,795,600	\$ (894,285)
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 203,000	\$ 203,000	\$ 118,752	\$ (84,248)
Total charges for services	\$ 203,000	\$ 203,000	\$ 118,752	\$ (84,248)
Total revenue from local sources	\$ 203,000	\$ 203,000	\$ 118,752	\$ (84,248)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food	\$ 35,000	\$ 35,000	\$ 48,131	\$ 13,131
Total categorical aid	\$ 35,000	\$ 35,000	\$ 48,131	\$ 13,131
Total revenue from the Commonwealth	\$ 35,000	\$ 35,000	\$ 48,131	\$ 13,131
Revenue from the federal government:				
Categorical aid:				
School food	\$ 1,250,000	\$ 1,376,639	\$ 1,309,256	\$ (67,383)
Total categorical aid	\$ 1,250,000	\$ 1,376,639	\$ 1,309,256	\$ (67,383)
Total revenue from the federal government	\$ 1,250,000	\$ 1,376,639	\$ 1,309,256	\$ (67,383)
Total School Cafeteria Fund	\$ 1,488,000	\$ 1,614,639	\$ 1,476,139	\$ (138,500)
Total governmental funds	\$ 29,095,868	\$ 29,304,524	\$ 28,271,739	\$ (1,032,785)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2020

<u>Fund, Function, Activity, and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Education:				
Instruction	\$ 22,077,801	\$ 22,240,525	\$ 21,756,971	\$ 483,554
Administration, attendance and health	1,358,963	1,276,239	1,221,849	54,390
Pupil transportation services	1,672,741	2,189,475	1,878,972	310,503
Operation and maintenance	<u>2,498,363</u>	<u>2,418,363</u>	<u>2,388,816</u>	<u>29,547</u>
Total education	\$ <u>27,607,868</u>	\$ <u>28,124,602</u>	\$ <u>27,246,608</u>	\$ <u>877,994</u>
Debt service:				
Principal retirement	\$ -	\$ 82,017	\$ 82,017	\$ -
Interest and other fiscal charges	<u>-</u>	<u>16,291</u>	<u>-</u>	<u>16,291</u>
Total debt service	\$ <u>-</u>	\$ <u>98,308</u>	\$ <u>82,017</u>	\$ <u>16,291</u>
Total General Fund	\$ <u><u>27,607,868</u></u>	\$ <u><u>28,222,910</u></u>	\$ <u><u>27,328,625</u></u>	\$ <u><u>894,285</u></u>
School Cafeteria Fund:				
School Food Service:				
School food administration	\$ <u>1,488,000</u>	\$ <u>1,614,639</u>	\$ <u>1,520,679</u>	\$ <u>93,960</u>
Total School Cafeteria Fund	\$ <u><u>1,488,000</u></u>	\$ <u><u>1,614,639</u></u>	\$ <u><u>1,520,679</u></u>	\$ <u><u>93,960</u></u>
Total governmental funds	\$ <u><u>29,095,868</u></u>	\$ <u><u>29,837,549</u></u>	\$ <u><u>28,849,304</u></u>	\$ <u><u>988,245</u></u>

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, 2020, 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 April 2, 2021.

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) as a basis for designing 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 Greenville 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 financial statements. 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

April 2, 2021