

COUNTY OF
GREENE, VIRGINIA



FINANCIAL REPORT
YEAR ENDED JUNE 30, 2017

County of Greene, Virginia

Financial Report

For the Year Ended June 30, 2017

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COUNTY OF GREENE, VIRGINIA

BOARD OF SUPERVISORS

Bill Martin, Chairman
A. Michelle Flynn, Vice-Chairman
Jim Frydl
David Cox
Dale R. Herring

COUNTY SCHOOL BOARD

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

COUNTY SOCIAL SERVICE BOARD

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

OTHER OFFICIALS

Judge of the Circuit Court..... Daniel R. Bouton
Clerk of the Circuit Court Brenda M. Compton
Judge of the General District Court William G. Barkley
Judge of Juvenile & Domestic Relations District Court Frank W. Somerville
Commonwealth's Attorney Ronald L. Morris
Commissioner of the Revenue Larry V. Snow
Treasurer Stephanie A. Deal
Sheriff Steve Smith
Superintendent of Schools..... Andrea Whitmarsh
Director of Department of Social Services..... James Howard
County Administrator John C. Barkley

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia, as of June 30, 2017, 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 4-9, 77-81, and 82-87 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.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2017, on our consideration of the County of Greene, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Greene, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 30, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Greene, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017.

Financial Highlights

Government-wide Financial Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,177,781 (net position).
- Our combined long-term obligations decreased \$1,686,615 during the current fiscal year.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures in excess of revenues of \$260,080 (Exhibit 4), which includes contributions totaling \$13,232,033 to the School Board.

- As of the close of the current fiscal year, the County's funds reported ending fund balances of \$14,224,814, a decrease of \$260,080 in comparison with the prior year.

Overview of the Financial Statements

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,177,781 at the close of the most recent fiscal year.

County of Greene, Virginia's Net Position

	Governmental Activities	
	2017	2016
Current and other assets	\$ 30,037,090	\$ 28,985,092
Capital assets	45,019,495	46,309,109
Total assets	\$ 75,056,585	\$ 75,294,201
Deferred outflows of resources	\$ 2,189,991	\$ 1,452,587
Long-term liabilities outstanding	\$ 34,985,369	\$ 36,699,356
Current liabilities	7,174,043	6,664,015
Total liabilities	\$ 42,159,412	\$ 43,363,371
Deferred inflows of resources	\$ 11,909,383	\$ 11,617,298
Net position:		
Net investment in capital assets	\$ 11,708,610	\$ 11,325,233
Unrestricted	11,469,171	10,440,886
Total net position	\$ 23,177,781	\$ 21,766,119

At the end of the current fiscal year, the County's net investment in capital assets is \$11,708,610.

The County's net position increased \$1,411,662 during the current fiscal year.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the County's net position by \$1,420,334. Key elements of this increase are as follows:

County of Greene, Virginia's Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 3,065,912	\$ 3,251,514
Operating grants and contributions	4,287,452	4,442,405
Capital grants and contributions	150,000	-
General revenues:		
General property taxes	19,762,722	18,738,446
Other local taxes	4,656,707	4,612,880
Commonwealth of Virginia non-categorical aid	2,835,103	2,873,049
Other general revenues	202,771	270,776
Total revenues	\$ 34,960,667	\$ 34,189,070
Expenses:		
General government administration	\$ 2,839,184	\$ 3,044,641
Judicial administration	902,986	806,765
Public safety	7,592,013	6,945,379
Public works	1,846,632	1,659,669
Health and welfare	3,378,439	3,889,018
Education	12,833,070	12,321,340
Parks, recreation, and cultural	610,917	632,059
Community development	2,228,146	2,203,322
Interest and other fiscal charges	1,317,618	1,410,094
Total expenses	\$ 33,549,005	\$ 32,912,287
Change in net position	\$ 1,411,662	\$ 1,276,783
Net position, July 1, 2016	21,766,119	20,489,336
Net position, June 30, 2017	\$ 23,177,781	\$ 21,766,119

Government-wide Financial Analysis (Continued)

Other local taxes increased by \$43,827 during the year, mostly due to an increase in lodging taxes. General property taxes increased \$1,024,276 due to an increase in the real estate tax rate. All other revenues decreased by a net of \$97,628. The County's contribution to the School Board totaled \$13,226,660 for the year compared to \$12,680,491 in the prior year, an increase of \$546,169.

For the most part, expenditures closely paralleled inflation and growth in the demand for services. Public safety expenses increased \$646,634. All other expenses had a net decrease of \$9,916.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$14,224,814, a decrease of \$260,080 in comparison with the prior year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,386,196 and can be briefly summarized as follows:

- \$754,784 in increases for public safety
- \$348,649 in increases for community development
- \$223,033 in increased for capital projects
- \$59,730 in other increases

Budgeted revenues of the general fund increased \$653,328, including increases of \$505,853 for intergovernmental revenues and \$147,472 of other increases.

Capital Asset and Debt Administration

- Capital assets - The County's investment in capital assets for its governmental operations as of June 30, 2017 totals \$45,019,495 (net of accumulated depreciation - Note 4). This investment in capital assets includes land, buildings and improvements, machinery and equipment and construction in progress.

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

Long-term obligations - At the end of the current fiscal year, the County had total long-term obligations outstanding of \$38,350,856. Of this amount \$36,433,313 comprises debt backed by the full faith and credit of the County. The County's total obligations decreased \$1,686,615 during the current fiscal year.

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

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 3.3 percent, which is lower than the rate of 3.5 percent a year ago. This compares favorably to the state's average unemployment rate of 3.8 percent and compares favorably to the national average rate of 4.4 percent.
- Residential growth continues to increase and broaden the demand for locally provided services such as schools, emergency service, social services, inspections, law enforcement, parks and recreation, solid waste, and libraries.
- Departments and agencies were held to level funding related to operational expenditures except in those circumstances where increases in expenditures were unavoidable.

All of these factors were considered in preparing the County's budget for the 2018 fiscal year.

The fiscal year 2018 budget increased from \$58,230,646 to \$61,281,316, or \$3,050,620 (5.24%).

Requests for Information

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

Basic Financial Statements

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Government-wide Financial Statements

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Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Component Units	
		School Board	Greene County EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 15,900,895	\$ 153,433	\$ 264,623
Receivables (net of allowance for uncollectibles):			
Property taxes	11,716,286	-	-
Accounts receivable	145,961	-	-
Note receivable	-	-	115,000
Due from other governments	2,261,984	823,620	-
Due from primary government	-	2,594,881	35,022
Prepaid items	-	128,196	-
Restricted assets:			
Cash and cash equivalents	11,964	-	-
Total current assets	\$ 30,037,090	\$ 3,700,130	\$ 414,645
Noncurrent assets:			
Capital assets:			
Land	\$ 4,069,142	\$ 127,800	\$ -
Infrastructure, net of depreciation	25,148,177	-	-
Buildings and improvements, net of depreciation	14,398,721	10,058,894	-
Equipment, net of depreciation	814,303	2,142,537	-
Construction in progress	589,152	-	-
Total noncurrent assets	\$ 45,019,495	\$ 12,329,231	\$ -
Total assets	\$ 75,056,585	\$ 16,029,361	\$ 414,645
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	\$ 878,444	\$ -	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,326,000	-
Difference between expected and actual experience	362,415	-	-
Net difference between projected and actual earnings on plan investments	452,108	1,951,924	-
Pension contributions subsequent to measurement date	497,024	2,579,112	-
Total deferred outflows of resources	\$ 2,189,991	\$ 5,857,036	\$ -
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 710,814	\$ 849,185	\$ -
Accrued liabilities	-	2,697,513	-
Due to component units	2,629,903	-	-
Accrued interest payable	467,839	948	-
Current portion of long-term obligations	3,365,487	312,197	-
Total current liabilities	\$ 7,174,043	\$ 3,859,843	\$ -
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	34,985,369	32,780,016	-
Total liabilities	\$ 42,159,412	\$ 36,639,859	\$ -
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	\$ 11,870,608	\$ -	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	218,000	-
Difference between expected and actual experience	38,775	1,211,856	-
Total deferred inflows of resources	\$ 11,909,383	\$ 1,429,856	\$ -
NET POSITION			
Net Investment in capital assets	\$ 11,708,610	\$ 11,727,586	\$ -
Unrestricted	11,469,171	(27,910,904)	414,645
Total net position	\$ 23,177,781	\$ (16,183,318)	\$ 414,645

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

Statement of Activities
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	School Board	Greene County EDA
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 2,839,184	\$ 494,016	\$ 195,524	\$ -	\$ (2,149,644)	\$ -	\$ -
Judicial administration	902,986	214,405	448,409	-	(240,172)	-	-
Public safety	7,592,013	367,554	1,139,499	150,000	(5,934,960)	-	-
Public works	1,846,632	1,062,736	2,241	-	(781,655)	-	-
Health and welfare	3,378,439	-	1,831,001	-	(1,547,438)	-	-
Education	12,833,070	114,084	-	-	(12,718,986)	-	-
Parks, recreation, and cultural	610,917	48,815	-	-	(562,102)	-	-
Community development	2,228,146	764,302	670,778	-	(793,066)	-	-
Interest on long-term obligations	1,317,618	-	-	-	(1,317,618)	-	-
Total governmental activities	<u>\$ 33,549,005</u>	<u>\$ 3,065,912</u>	<u>\$ 4,287,452</u>	<u>\$ 150,000</u>	<u>\$ (26,045,641)</u>	<u>\$ -</u>	<u>\$ -</u>
COMPONENT UNITS:							
School Board	\$ 34,738,673	\$ 731,123	\$ 20,768,834	\$ -	\$ -	\$ (13,238,716)	\$ -
Greene County EDA	141,607	-	-	-	-	-	(141,607)
Total component units	<u>\$ 34,880,280</u>	<u>\$ 731,123</u>	<u>\$ 20,768,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,238,716)</u>	<u>\$ (141,607)</u>
General revenues:							
General property taxes					\$ 19,762,722	\$ -	\$ -
Local sales and use tax					1,908,825	-	-
Business license taxes					629,285	-	-
Consumer utility taxes					415,924	-	-
Motor vehicle licenses					452,191	-	-
Meals taxes					736,321	-	-
Taxes on recordation and wills					241,751	-	-
Other local taxes					272,410	-	-
Grants and contributions not restricted to specific programs					2,835,103	-	-
Unrestricted revenues from use of money and property					43,079	62,826	5,504
Miscellaneous					159,692	351,222	26,051
Payment from primary government					-	12,856,322	131,874
Total general revenues					<u>\$ 27,457,303</u>	<u>\$ 13,270,370</u>	<u>\$ 163,429</u>
Change in net position					\$ 1,411,662	\$ 31,654	\$ 21,822
Net position - beginning					21,766,119	(16,214,972)	392,823
Net position - ending					<u>\$ 23,177,781</u>	<u>\$ (16,183,318)</u>	<u>\$ 414,645</u>

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

Fund Financial Statements

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Balance Sheet - Governmental Funds
June 30, 2017

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 14,906,355	\$ 994,540	\$ -	\$ 15,900,895
Receivables (net of allowance for uncollectibles):				
Property taxes	11,716,286	-	-	11,716,286
Accounts receivable	145,961	-	-	145,961
Due from other governmental units	2,261,984	-	-	2,261,984
Restricted assets:				
Cash and cash equivalents	-	-	11,964	11,964
Total assets	<u>\$ 29,030,586</u>	<u>\$ 994,540</u>	<u>\$ 11,964</u>	<u>\$ 30,037,090</u>
LIABILITIES				
Accounts payable	\$ 710,814	\$ -	\$ -	\$ 710,814
Due to component unit	2,629,903	-	-	2,629,903
Total liabilities	<u>\$ 3,340,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,340,717</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	\$ 12,471,559	\$ -	\$ -	\$ 12,471,559
FUND BALANCES				
Committed:				
Debt service	\$ -	\$ 994,540	\$ -	\$ 994,540
Capital projects - school facilities upgrades	-	-	11,964	11,964
Education - school board carryover	3,518,212	-	-	3,518,212
Unassigned	9,700,098	-	-	9,700,098
Total fund balances	<u>\$ 13,218,310</u>	<u>\$ 994,540</u>	<u>\$ 11,964</u>	<u>\$ 14,224,814</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 29,030,586</u>	<u>\$ 994,540</u>	<u>\$ 11,964</u>	<u>\$ 30,037,090</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:				
Total fund balances per above				\$ 14,224,814
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land			\$ 4,069,142	
Buildings and improvements			25,148,177	
Infrastructure			14,398,721	
Equipment			814,303	
Construction in progress			589,152	45,019,495
Interest on long-term obligations is not accrued in governmental funds, but rather is recognized as an expenditure when due.				
				(467,839)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.				
Unavailable property taxes			\$ 600,951	
Deferred inflows related to measurement of net pension liability			(38,775)	562,176
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.				
				497,024
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Capital leases			\$ (424,018)	
Landfill closure and postclosure liability			(476,246)	
Compensated absences			(722,943)	
General obligation bonds			(7,014,693)	
Premiums on bonds			(1,628,111)	
State literary fund loans			(5,450,000)	
Revenue bonds			(16,420,000)	
Deferred amount on refunding			878,444	
Notes payable			(1,495,618)	
Net OPEB obligation			(50,397)	
Net pension liability			(2,392,758)	
Deferred outflows related to measurement of net pension liability			814,523	
Water and sewer bonds (assumed from RSA)			(2,276,072)	(36,657,889)
Net position of General Government Activities				<u>\$ 23,177,781</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Governmental Funds
 For the Year Ended June 30, 2017

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 19,725,650	\$ -	\$ -	\$ 19,725,650
Other local taxes	4,656,707	-	-	4,656,707
Permits, privilege fees and regulatory licenses	230,840	-	-	230,840
Fines and forfeitures	169,249	-	-	169,249
Revenue from use of money and property	43,079	-	-	43,079
Charges for services	2,038,880	626,943	-	2,665,823
Miscellaneous	159,692	-	-	159,692
Recovered costs	348,387	-	-	348,387
Intergovernmental:				
Commonwealth	5,876,107	-	-	5,876,107
Federal	1,396,450	-	-	1,396,450
Total revenues	<u>\$ 34,645,041</u>	<u>\$ 626,943</u>	<u>\$ -</u>	<u>\$ 35,271,984</u>
Expenditures:				
Current:				
General government administration	\$ 2,281,044	\$ -	\$ -	\$ 2,281,044
Judicial administration	869,989	-	-	869,989
Public safety	7,426,556	-	-	7,426,556
Public works	1,600,509	-	-	1,600,509
Health and welfare	3,432,258	-	-	3,432,258
Education	13,232,033	-	-	13,232,033
Parks, recreation, and cultural	578,896	-	-	578,896
Community development	2,200,711	-	-	2,200,711
Nondepartmental	125,755	-	-	125,755
Capital outlays and projects	320,301	-	589,152	909,453
Debt service:				
Principal retirement	830,258	1,256,068	-	2,086,326
Interest and other fiscal charges	62,618	889,931	-	952,549
Total expenditures	<u>\$ 32,960,928</u>	<u>\$ 2,145,999</u>	<u>\$ 589,152</u>	<u>\$ 35,696,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,684,113</u>	<u>\$ (1,519,056)</u>	<u>\$ (589,152)</u>	<u>\$ (424,095)</u>
Other financing sources (uses):				
Issuance of refunding bonds	\$ -	\$ 920,000	\$ -	\$ 920,000
Premium on bonds payable	-	217,686	-	217,686
Issuance of capital leases	160,238	-	-	160,238
Payment to refunded bond agent	-	(1,079,734)	-	(1,079,734)
Bond issuance costs	-	(54,175)	-	(54,175)
Transfers out	(2,551,374)	-	-	(2,551,374)
Transfers in	-	1,962,222	589,152	2,551,374
Total other financing sources (uses)	<u>\$ (2,391,136)</u>	<u>\$ 1,965,999</u>	<u>\$ 589,152</u>	<u>\$ 164,015</u>
Change in fund balance	<u>\$ (707,023)</u>	<u>\$ 446,943</u>	<u>\$ -</u>	<u>\$ (260,080)</u>
Fund balance at beginning of year	13,925,333	547,597	11,964	14,484,894
Fund balance at end of year	<u>\$ 13,218,310</u>	<u>\$ 994,540</u>	<u>\$ 11,964</u>	<u>\$ 14,224,814</u>

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

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2017

	Primary Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental funds	\$ (260,080)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period. Details supporting this adjustment are as follows:	
Capital outlay	\$ 1,049,632
Depreciation expense	<u>(1,514,496)</u>
	(464,864)
Transfer of joint tenancy assets from Primary Government to the Component Unit	(824,750)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	\$ 37,070
Change in deferred inflows of resources related to the measurement of the net pension liability	<u>450,428</u>
	487,498

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

Principal retired on capital leases	\$ 204,983	
Principal retired on general obligation bonds	679,270	
Principal retired on revenue bonds and premiums	1,157,723	
Principal retired on water and sewer bonds (assumed from RSA)	1,316,068	
Principal retired on notes payable	198,207	
Principal retired on state literary fund loans	700,000	
Increase of landfill closure and postclosure liability	(6,112)	
Issuance of long-term obligations	<u>(1,297,924)</u>	2,952,215

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

Change in compensated absences	\$ 15,133	
Change in accrued interest payable	49,839	
Increase (decrease) in deferred amount on refunding	(43,934)	
(Increase) of net pension liability	(1,275,712)	
Increase (decrease) in deferred outflows of resources related to pension contributions subsequent to measurement date	(33,185)	
Increase (decrease) in deferred outflows of resources related to differences between expected and actual experience	362,415	
Increase (decrease) in deferred outflows of resources related to the net difference between project and actual pension plan earnings	452,108	
(Increase) of net OPEB obligation	<u>(5,021)</u>	<u>(478,357)</u>
Change in net position of governmental activities	\$	<u><u>1,411,662</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
 June 30, 2017

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>47,564</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>47,564</u>

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017

Note 1—Summary of Significant Accounting Policies:

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

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

Financial Statement Presentation

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units:

The County has no blended component units to be included for the fiscal year ended June 30, 2017.

Discretely Presented Component Units:

Greene County School Board

The Greene County School Board operates the elementary and secondary public schools in the County. School Board members are elected by the voters of the County for a term of four years. The School Board is fiscally dependent upon the County because the County approves all debt issuances of the School Board and provides significant funding to operate the public schools, since the School Board does not have separate taxing powers. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2017.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

Greene County Economic Development Authority:

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

C. Other Related Organizations

Included in the County's Financial Report

None

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

A. General Fund

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

B. School Capital Projects Fund

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

C. Debt Service Fund

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

2. Fiduciary Funds (Trust and Agency Funds)

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

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

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

3. Component Unit - School Board

The Greene County School Board reports the following funds:

Governmental Funds:

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

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

E. Budgets and Budgetary Accounting

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

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

For the fiscal year ended June 30, 2017, a budget was not legally adopted for the Debt Service Fund, the School Capital Projects Fund, and the School Cafeteria Fund and, therefore, expenditures exceed appropriations in these funds for the fiscal year.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

F. Cash and Cash Equivalents

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

G. Investments

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

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost in accordance with GASB 79. All other investments are reported at fair value.

H. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$111,877 at June 30, 2017 and is comprised of property taxes and solid waste disposal fees.

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

I. Capital Assets

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

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

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

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

I. Capital Assets: (Continued)

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

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

J. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

K. Long-term Obligations

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

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

L. Fund Equity

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

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

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

L. Fund Equity (Continued)

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

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

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

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

M. Use of Estimates

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

N. Net Position

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

O. Net Position Flow Assumption

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

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

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Another item is comprised of certain items related to the measurement of the net pension asset or liability. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. It is also comprised of contributions to the pension plan made during the current year and subsequent to the net pension asset or liability measurement date, which will be recognized as a reduction of the net pension asset or liability next fiscal year. For more detailed information on the pension items, reference the pension note.

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

Q. Pensions

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (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 in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

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

Credit Risk of Debt Securities

The County does not have a policy regarding credit risk of debt securities. The County's rated debt investments as of June 30, 2017 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

<u>County's Rate Debt Investment's Values</u>	
<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
State Non-Arbitrage Program (SNAP)	\$ 13,295
Total	\$ 13,295

Interest Rate Risk

<u>Investment Type</u>	<u>Investment Maturity*</u>	
	<u>Fair Value</u>	<u>Less than 1</u>
State Non-Arbitrage Program (SNAP)	\$ 13,295	\$ 13,295
Total investments	\$ 13,295	\$ 13,295

*Weighted average maturity in years

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 2—Deposits and Investments: (Continued)

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission. In May 2016, the Board voted to convert the SNAP fund to an LGIP structure, which would be managed in conformance with GASB 79. On October 3, 2016, the Prime Series became a government money market fund and the name was changed to Government Select Series. The Government Select Series has a policy of investing at least 99.5% of its assets in cash, U.S. government securities (including securities issued or guaranteed by the U.S. government or its agencies or instrumentalities) and/or repurchase agreements that are collateralized fully.

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

Note 3—Due From Other Governmental Units:

At June 30, 2017 the County has receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Commonwealth of Virginia:		
Local and state sales taxes	\$ 347,013	\$ 641,560
Communication tax	76,448	-
Public assistance	32,776	-
Comprehensive services	124,991	-
Personal property tax relief act (PPTRA)	1,352,596	-
Shared expenses	121,663	-
Other state funding	46,056	-
Federal Government:		
School funds	-	182,060
Section 18 transportation	71,013	-
Public safety grants	17,964	-
Public assistance	71,464	-
Total	<u>\$ 2,261,984</u>	<u>\$ 823,620</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 4—Capital Assets:

The following is a summary of changes in primary government capital assets for the year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Primary Government				
Capital assets not being depreciated:				
Land	\$ 4,069,142	\$ -	\$ -	\$ 4,069,142
Construction in progress:				
Jointly owned assets	-	589,152	-	589,152
Total capital assets not being depreciated	<u>\$ 4,069,142</u>	<u>\$ 589,152</u>	<u>\$ -</u>	<u>\$ 4,658,294</u>
Other capital assets being depreciated:				
Buildings and improvements	\$ 22,532,682	\$ -	\$ 1,145,000	\$ 21,387,682
Infrastructure	27,741,216	-	-	27,741,216
Equipment	5,754,248	460,480	97,676	6,117,052
Total other capital assets being depreciated	<u>\$ 56,028,146</u>	<u>\$ 460,480</u>	<u>\$ 1,242,676</u>	<u>\$ 55,245,950</u>
Accumulated depreciation:				
Buildings and improvements	\$ 6,744,803	\$ 564,408	\$ 320,250	\$ 6,988,961
Infrastructure	2,038,215	554,824	-	2,593,039
Equipment	5,005,161	395,264	97,676	5,302,749
Total accumulated depreciation	<u>\$ 13,788,179</u>	<u>\$ 1,514,496</u>	<u>\$ 417,926</u>	<u>\$ 14,884,749</u>
Other capital assets, net	<u>\$ 42,239,967</u>	<u>\$ (1,054,016)</u>	<u>\$ 824,750</u>	<u>\$ 40,361,201</u>
Net capital assets	<u><u>\$ 46,309,109</u></u>	<u><u>\$ (464,864)</u></u>	<u><u>\$ 824,750</u></u>	<u><u>\$ 45,019,495</u></u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 4—Capital Assets: (Continued)

The following is a summary of changes in component unit school board capital assets for the year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Component Unit - School Board				
Capital assets not being depreciated:				
Land	\$ 127,800	\$ -	\$ -	\$ 127,800
Total capital assets not being depreciated	<u>\$ 127,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,800</u>
Other capital assets being depreciated:				
Buildings and improvements	\$ 23,970,677	\$ 1,145,000	\$ -	\$ 25,115,677
Equipment	5,413,797	533,024	-	5,946,821
Total other capital assets being depreciated	<u>\$ 29,384,474</u>	<u>\$ 1,678,024</u>	<u>\$ -</u>	<u>\$ 31,062,498</u>
Accumulated depreciation:				
Buildings and improvements	\$ 14,227,283	\$ 829,500	\$ -	\$ 15,056,783
Equipment	3,467,375	336,909	-	3,804,284
Total accumulated depreciation	<u>\$ 17,694,658</u>	<u>\$ 1,166,409</u>	<u>\$ -</u>	<u>\$ 18,861,067</u>
Other capital assets, net	<u>\$ 11,689,816</u>	<u>\$ 511,615</u>	<u>\$ -</u>	<u>\$ 12,201,431</u>
Net capital assets	<u><u>\$ 11,817,616</u></u>	<u><u>\$ 511,615</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 12,329,231</u></u>

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

Governmental activities:

General government administration	\$ 658,420
Judicial administration	69,543
Public safety	274,061
Public works	50,848
Health and welfare	5,631
Education	291,625
Parks, recreation and cultural	76,277
Community development	88,091
Total governmental activities	<u>\$ 1,514,496</u>
Component Unit School Board (1)	<u>\$ 846,159</u>

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations:

Primary Government

Changes in Long-Term Obligations:

The following is a summary of long-term obligation transactions for the year ended June 30, 2017:

	<u>Balance at July 1, 2016</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities Long-Term Obligations					
Capital leases	\$ 468,763	\$ 160,238	\$ 204,983	\$ 424,018	\$ 197,287
Landfill closure and postclosure liability	470,134	6,112	-	476,246	-
Compensated absences	738,076	-	15,133	722,943	72,294
General obligation bonds	7,693,963	-	679,270	7,014,693	689,904
Premiums on bonds	1,648,148	217,686	237,723	1,628,111	238,829
State literary fund loans	6,150,000	-	700,000	5,450,000	700,000
Revenue bonds	16,420,000	920,000	920,000	16,420,000	950,000
Notes payable	1,693,825	-	198,207	1,495,618	129,272
Net OPEB obligation	45,376	10,021	5,000	50,397	-
Net pension liability	1,117,046	2,365,595	1,089,883	2,392,758	-
Water & Sewer bonds (assumed from RSA)	3,592,140	-	1,316,068	2,276,072	387,901
Total	<u>\$ 40,037,471</u>	<u>\$ 3,679,652</u>	<u>\$ 5,366,267</u>	<u>\$ 38,350,856</u>	<u>\$ 3,365,487</u>

Advance Refunding of Debt

On November 2, 2016 the County issued a \$920,000 VRA Refunding Bond, Series 2016 to advance refund a portion of its Sewer Revenue Refunding Bond, Series 2009. As a result, that portion of the Sewer Revenue Refunding Bond, Series 2009 is considered to be defeased in substance and the liability for this bond has been removed from these financial statements. This advance refunding was undertaken to reduce the total debt service payments over the next twelve years by \$35,581 and resulted in an economic gain of \$30,467.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	General Obligation Refunding Bonds		Revenue Bonds VRA Sewer Bond		State Literary Fund Loans		General Obligation Transportation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2018	\$ 94,600	\$ 5,010	\$ 950,000	\$ 731,932	\$ 700,000	\$ 163,500	\$ 85,000
2019	97,900	1,686	995,000	688,490	700,000	142,500	-	-
2020	-	-	1,035,000	644,148	450,000	121,500	-	-
2021	-	-	1,165,000	593,397	450,000	98,000	-	-
2022	-	-	1,225,000	535,153	450,000	94,500	-	-
2023	-	-	1,280,000	470,963	450,000	81,000	-	-
2024	-	-	1,355,000	403,441	450,000	67,500	-	-
2025	-	-	1,435,000	315,260	450,000	54,000	-	-
2026	-	-	1,505,000	261,807	450,000	40,500	-	-
2027	-	-	530,000	210,785	450,000	27,000	-	-
2028	-	-	560,000	187,029	450,000	13,500	-	-
2029	-	-	570,000	163,156	-	-	-	-
2030	-	-	485,000	137,719	-	-	-	-
2031	-	-	510,000	115,300	-	-	-	-
2032	-	-	525,000	96,372	-	-	-	-
2033	-	-	550,000	76,550	-	-	-	-
2034	-	-	560,000	55,894	-	-	-	-
2035	-	-	585,000	34,584	-	-	-	-
2036	-	-	600,000	11,850	-	-	-	-
Totals	\$ 192,500	\$ 6,696	\$ 16,420,000	\$ 5,733,831	\$ 5,450,000	\$ 903,500	\$ 85,000	\$ 2,221

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Capital Leases		General Obligation School Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 197,287	\$ 5,156	\$ 510,304	\$ 353,802
2019	144,134	9,855	362,948	343,961
2020	82,597	2,468	375,710	333,625
2021	-	-	383,592	322,790
2022	-	-	396,600	311,449
2023	-	-	409,740	299,471
2024	-	-	423,016	286,853
2025	-	-	395,283	274,950
2026	-	-	360,000	266,241
2027	-	-	370,000	257,736
2028	-	-	225,000	117,669
2029	-	-	235,000	108,354
2030	-	-	245,000	98,481
2031	-	-	255,000	87,884
2032	-	-	265,000	76,704
2033	-	-	275,000	64,750
2034	-	-	290,000	51,896
2035	-	-	305,000	38,169
2036	-	-	320,000	23,560
2037	-	-	335,000	8,040
Totals	\$ <u>424,018</u>	\$ <u>17,479</u>	\$ <u>6,737,193</u>	\$ <u>3,726,384</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

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

Year Ending June 30,	Notes Payable		Water & Sewer Bonds (Assumed from RSA)	
	Principal	Interest	Principal	Interest
2018	\$ 129,272	\$ 14,365	\$ 387,901	\$ 98,209
2019	130,571	13,066	369,983	79,416
2020	131,883	11,754	268,316	63,743
2021	133,208	10,429	186,648	52,785
2022	134,546	9,091	194,981	44,435
2023	135,897	7,740	203,313	36,391
2024	137,263	6,374	211,646	27,090
2025	138,642	4,996	221,645	16,628
2026	140,034	3,603	231,644	5,637
2027	141,441	2,196	-	-
2028	142,862	775	-	-
Total	\$ <u>1,495,618</u>	\$ <u>84,389</u>	\$ <u>2,276,077</u>	\$ <u>424,334</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
General obligation bonds:		
\$1,700,000 Transportation Bond Series 1997 issued November 20, 1997 payable in annual principal installments of \$85,000 interest at 5.15%	\$ 85,000	\$ 85,000
\$1,170,500 Greene County Industrial Development Authority Refunding Bond, Series 2002 issued July 30, 2003, maturing annually in amounts ranging from \$100,232 to \$99,589, from October 15, 2004 through October 15, 2018, interest payable semi-annually at 3.45%	192,500	94,600
\$5,120,000 School Bonds series 2011A issued May 5, 2011 maturing in various annual installments through January 2037 interest payable semi-annually at rates from 2.05% to 5.05%	4,510,000	140,000
Premium on 2011A VPSA bonds	131,714	6,932
\$811,329 Lease Revenue Bonds issued December 20, 2010 maturing in monthly installments of \$6,798 through December 2024, interest at 4.30%	522,193	60,304
\$2,470,000 QSCB Bonds series 2010 issued July 8, 2010 maturing in annual installments of \$286,157 through June 2027, interest at 5.31%	1,550,000	155,000
\$3,170,000 bonds issued May 1, 1997 maturing in various annual installments through January 15, 2018, interest at 5.61%	<u>155,000</u>	<u>155,000</u>
Total General Obligation Bonds	<u>\$ 7,146,407</u>	<u>\$ 696,836</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Revenue bonds:		
\$8,110,000, VRA Sewer System Revenue Bond, Series 2011B, issued November 16, 2011, maturing in amounts ranging from \$177,048 - \$1,033,019 annually from April 1, 2012 through April 1, 2026, interest payable semi-annually at 2.92%	\$ 7,455,000	\$ 680,000
Premium on Series 2011B VRA Bond	644,340	123,122
\$3,445,000, Refunding VRA Sewer System Revenue Bond, Series 2014B, issued August 13, 2014, maturing in amounts ranging from \$120,256 - \$472,528 annually from October 1, 2014 through April 1, 2036, interest payable semi-annually at 3.58%	3,195,000	70,000
\$1,140,000, Refunding VRA Sewer System Revenue Bond, Series 2014B, issued August 13, 2014, maturing in amounts ranging from \$39,894 - 154,022 annually from October 1, 2014 through April 1, 2036, interest payable semi-annually at 3.72%	1,055,000	25,000
Premiums on 2014 VRA revenue bonds	198,072	13,471
\$2,890,000 Water Revenue Refunding Bond, Series 2012, issued August 2, 2012, maturing in amounts ranging from \$30,000 - \$330,000, annually from October 1, 2012 through October 1, 2028, except for October 1, 2013 - October 1, 2016 whereby no payments are due. Interest is payable semi-annually at rates from 2.208% - 5.125% through October 1, 2028. The bonds were issued at a premium of \$590,973 to partially refund Series 2005 VRA Water System Revenue Bond.	2,860,000	130,000

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Revenue bonds: (Continued)		
\$945,000 Sewer Revenue Refunding Bond, Series 2012, issued August 2, 2012, maturing in amounts ranging from \$10,000 - \$105,000, annually from October 1, 2012 through October 1, 2028, except for October 1, 2013 - October 1, 2016 whereby no payments are due. Interest is payable semi-annually at rates from 2.375% - 5.125% through October 1, 2028. The bonds were issued with a premium of \$193,935 to partially refund Series 2005 VRA Sewer System Revenue Bond.	\$ 935,000	\$ 45,000
Premium on 2012 VRA revenue bonds	448,244	69,242
\$920,000 VRA Refunding Revenue Bond, Series 2016C, issued November 2, 2016, maturing in amounts ranging from \$80,000 - \$120,000, annually from October 1, 2017 through October 1, 2028, except for October 1, 2017 - October 1, 2019 whereby no payments are due. Interest is payable semi-annually at 2.67% through October 1, 2028. The bonds were issued with a premium of \$217,686 to partially refund Sewer Revenue Refunding Bond, Series 2009.	920,000	-
Premium on 2016 VRA revenue bonds	205,741	26,062
Total Revenue Bonds	<u>\$ 17,916,397</u>	<u>\$ 1,181,897</u>
State Literary Fund loans:		
\$9,000,000 issued July 15, 2007 due in principal annual installments of \$450,000 through July 2027, interest at 3.00%	\$ 4,950,000	\$ 450,000
\$5,000,000 issued July 1, 1997 due in principal annual installments of \$250,000 through July 2018, interest at 3.00%	<u>500,000</u>	<u>250,000</u>
Total State Literary Fund loans	<u>\$ 5,450,000</u>	<u>\$ 700,000</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Water & Sewer Bonds (assumed from RSA):		
\$3,600,000 2008A refunding revenue bonds, payable to VRA in variable semi-annual installments, interest at 2.947% to 4.712% through 2019. Greene County assumed \$1,080,000 of this debt.	\$ 207,000	\$ 120,000
\$1,780,000 2009 revenue bonds, payable to VRA in monthly installments of \$13,193, interest at 3.75% to 5.00% through 2029. Greene County assumed all of this debt.	255,000	80,000
\$2,736,393 2009A revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.10% to 5.23% through 2026. Greene County assumed \$3,232,682 of this obligation.	1,759,822	161,651
\$6,555,000 2002 revenue bonds, payable to VRA in variable semi-annual installments, interest at 4.90% to 5.50% through 2019. Greene County assumed \$280,750 of this obligation.	<u>54,250</u>	<u>26,250</u>
Total Water & Sewer Bonds (assumed from RSA)	<u>\$ 2,276,072</u>	<u>\$ 387,901</u>
Notes payable:		
\$2,000,000 note payable issued June 13, 2013, monthly payments of \$11,970 due through June 13, 2028, interest at 1.00%	<u>\$ 1,495,618</u>	<u>\$ 129,272</u>
Total Notes Payable	<u>\$ 1,495,618</u>	<u>\$ 129,272</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Amount Due within One Year</u>
Capital leases:		
\$124,000 Capital lease obligation dated May 16, 2016 for the lease/purchase of a loader, payable in monthly installments of \$2,699 through April 2020, interest at 3%. The cost of the loader is \$124,000 and accumulated depreciation amounted to \$49,600 at June 30, 2017.	\$ 89,692	\$ 30,103
\$164,295 (\$343,995 total lease - 48% County and 52% School Board) Capital lease obligation dated November 6, 2014 for the lease/purchase of vehicles and buses, payable in annual installments of \$56,228 through July 5, 2017, interest at 1.6%. The cost of the County vehicles/buses is \$164,295 and accumulated depreciation amounted to \$164,295 at June 30, 2017.	55,342	55,342
\$177,890 (\$345,842 total lease - 51.4% County and 48.6% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$61,151 through July 5, 2018, interest at 1.99%. The cost of the vehicles is \$177,890 and accumulated depreciation amounted to \$108,106 at June 30, 2017.	118,746	58,788
\$160,238 (\$502,643 total lease - 31.88% County and 68.12% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$54,912 through July 15, 2019, interest at 1.637%. The cost of the County vehicles is \$160,238 and accumulated depreciation amounted to \$51,318 at June 30, 2017.	<u>160,238</u>	<u>53,054</u>
Total Capital Leases	\$ <u>424,018</u>	\$ <u>197,287</u>
Landfill closure and postclosure liability	\$ <u>476,246</u>	\$ <u>-</u>
Net pension liability	\$ <u>2,392,758</u>	\$ <u>-</u>
Net OPEB obligation	\$ <u>50,397</u>	\$ <u>-</u>
Compensated absences	\$ <u>722,943</u>	\$ <u>72,294</u>
Total governmental activities long-term obligations	<u>\$ 38,350,856</u>	<u>\$ 3,365,487</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

Component Unit—School Board:

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

Year Ending June 30,	Capital Leases	
	Principal	Interest
2018	\$ 272,701	\$ 7,171
2019	213,496	4,877
2020	115,448	1,890
Totals	\$ 601,645	\$ 13,938

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2017:

	Balance at July 1, 2016	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2017	Due Within One Year
Capital Leases	\$ 624,626	\$ 342,405	\$ 365,386	\$ 601,645	\$ 272,701
Compensated absences	406,005	-	11,050	394,955	39,496
Net pension liability	27,247,348	9,180,084	5,279,489	31,147,943	-
Net OPEB obligation	801,088	221,582	75,000	947,670	-
Total long-term obligations	\$ 29,079,067	\$ 9,744,071	\$ 5,730,925	\$ 33,092,213	\$ 312,197

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 5—Long-Term Obligations: (Continued)

Details of Long-term Obligations:

	<u>Amount Outstanding</u>	<u>Amount Due Within One Year</u>
Capital leases:		
 \$179,700 (\$343,995 total lease - 48% County and 52% School Board) Capital lease obligation dated November 6, 2014 for the lease purchase of buses, payable in annual installments of \$61,500 through July 2017, interest at 1.6%. The cost of the buses is \$179,700 and accumulated depreciation amounted to \$44,925 at June 30, 2017.	\$ 60,531	\$ 60,531
 \$216,493 capital lease obligation dated January 14, 2015 for the lease purchase of telephone equipment, payable in annual installments of \$43,298 through January 2019, interest at 0%. The cost of the system is \$214,557 and accumulated depreciation amounted to \$64,367 at June 30, 2017.	86,597	43,298
 \$167,952 (\$345,842 total lease - 51.4% County and 48.6% School Board) Capital lease obligation for the lease/purchase of buses, payable in annual installments of \$57,734 through July 5, 2018, interest at 1.99%. The cost of the buses is \$167,952 and accumulated depreciation amounted to \$27,992 at June 30, 2017.	112,112	55,504
 \$342,405 (\$502,643 total lease - 31.88% County and 68.12% School Board) Capital lease obligation for the lease/purchase of vehicles, payable in annual installments of \$117,338 through July 15, 2019, interest at 1.637%. The cost of the buses is \$335,904 and accumulated depreciation amounted to \$27,992 at June 30, 2017.	\$ 342,405	\$ 113,368
Total capital leases	\$ 601,645	\$ 272,701
Compensated absences	\$ 394,955	\$ 39,496
Net pension liability	\$ 31,147,943	\$ -
Net OPEB obligation	\$ 947,670	\$ -
Total Long-Term Obligations Component-Unit School Board	\$ 33,092,213	\$ 312,197

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 6—Commitments and Contingencies:

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

Note 7—Risk Management:

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

Note 8—Litigation:

At June 30, 2017, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

Note 9—Surety Bonds:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan:

Plan Description

Name of Plan: Virginia Retirement System (VRS)
 Identification of Plan: Agent and Cost-Sharing Multiple-Employer Pension Plan
 Administering Entity: Virginia Retirement System (System)

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

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> Political subdivision employees* School division employees Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u></p> <ul style="list-style-type: none"> • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. 	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u></p> <ul style="list-style-type: none"> • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p>
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Plan Description: (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage (Cont.)</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage (Cont.)</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage (Cont.)</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service</p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p><u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report-pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	64	51
Inactive members:		
Vested inactive members	21	14
Non-vested inactive members	19	28
Inactive members active elsewhere in VRS	36	17
Total inactive members	76	59
Active members	112	96
Total covered employees	252	206

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2017 was 9.37% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$497,024 and \$530,209 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 6.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$112,642 and \$170,446 for the years ended June 30, 2017 and June 30, 2016, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2016. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

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

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 18,146,589	\$ 17,029,543	\$ 1,117,046
Changes for the year:			
Service cost	\$ 626,524	\$ -	\$ 626,524
Interest	1,242,379	-	1,242,379
Differences between expected and actual experience	486,106	-	486,106
Contributions - employer	-	526,301	(526,301)
Contributions - employee	-	262,882	(262,882)
Net investment income	-	300,700	(300,700)
Benefit payments, including refunds of employee contributions	(796,628)	(796,628)	-
Administrative expenses	-	(10,459)	10,459
Other changes	-	(127)	127
Net changes	\$ 1,558,381	\$ 282,669	\$ 1,275,712
Balances at June 30, 2016	\$ 19,704,970	\$ 17,312,212	\$ 2,392,758

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 8,012,437	\$ 7,758,089	\$ 254,348
Changes for the year:			
Service cost	\$ 195,561	\$ -	\$ 195,561
Interest	549,678	-	549,678
Differences between expected and actual experience	(43,785)	-	(43,785)
Contributions - employer	-	168,767	(168,767)
Contributions - employee	-	85,822	(85,822)
Net investment income	-	135,115	(135,115)
Benefit payments, including refunds of employee contributions	(319,802)	(319,802)	-
Administrative expenses	-	(4,788)	4,788
Other changes	-	(57)	57
Net changes	<u>\$ 381,652</u>	<u>\$ 65,057</u>	<u>\$ 316,595</u>
Balances at June 30, 2016	<u>\$ 8,394,089</u>	<u>\$ 7,823,146</u>	<u>\$ 570,943</u>

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
County of Greene			
Net Pension Liability (Asset)	\$ 4,928,852	\$ 2,392,758	\$ 290,021
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,529,267	\$ 570,943	\$ (238,980)

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

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

For the year ended June 30, 2017, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$537,062 and \$72,728, respectively. At June 30, 2017, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 362,415	\$ 38,775	-	\$ 79,856
Net difference between projected and actual earnings on pension plan investments	452,108	-	204,924	-
Employer contributions subsequent to the measurement date	497,024	-	112,642	-
Total	\$ 1,311,547	\$ 38,775	\$ 317,566	\$ 79,856

497,024 and \$112,642 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2018	\$ 111,892	\$ (50,920)
2019	114,808	(20,237)
2020	370,899	115,126
2021	178,149	81,099
Thereafter	-	-

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

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 regarding the plan description can be found in the first section of this note.

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$2,466,470 and \$2,317,645 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$30,577,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was .21819% as compared to .21446% at June 30, 2015.

For the year ended June 30, 2017, the school division recognized pension expense of \$2,832,000. Since there was a change in proportionate share between June 30, 2015 and June 30, 2016, 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.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—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)

At June 30, 2017, 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	\$ -	\$ 991,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,326,000	359,000
Net difference between projected and actual earnings on pension plan investments	1,747,000	-
Employer contributions subsequent to the measurement date	<u>2,466,470</u>	<u>-</u>
Total	<u>\$ 5,539,470</u>	<u>\$ 1,350,000</u>

\$2,466,470 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2018	\$ (2,000)
2019	(2,000)
2020	1,041,000
2021	711,000
2022	(25,000)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2016, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	44,182,326
Plan Fiduciary Net Position		30,168,211
Employers' Net Pension Liability (Asset)	\$	<u>14,014,115</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		68.28%

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Net Pension Liability (Continued)

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.

Long-Term Expected Rate of Return

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

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

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

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

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

Rate		
1% Decrease	Current Discount	1% Increase
(6.00%)	(7.00%)	(8.00%)

School division's proportionate
share of the VRS Teacher
Employee Retirement Plan

Net Pension Liability (Asset)	\$	43,588,000	\$	30,577,000	\$	19,860,000
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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 11—Interfund Balances and Transfers:

Interfund transfers for the year ended June 30, 2017 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
County:		
General fund	\$ -	\$ 2,551,374
Debt Service fund	1,962,222	-
School Capital Projects fund	589,152	-
	<u>2,551,374</u>	<u>2,551,374</u>
Total County	<u>\$ 2,551,374</u>	<u>\$ 2,551,374</u>
Component Unit School Board:		
School Operating Fund	\$ -	\$ 832,862
School Cafeteria Fund	832,862	-
	<u>832,862</u>	<u>-</u>
Total Component Unit School Board	<u>\$ 832,862</u>	<u>\$ 832,862</u>

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

Note 12—Deferred/Unavailable Revenue:

The following is a summary of unearned revenue for the year ended June 30, 2017.

	<u>Government- wide Statements Governmental Activities</u>	<u>Balance Sheet Governmental Funds</u>
Unavailable property tax revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 600,951
2nd half assessments due in December 2017	10,656,361	10,656,361
Prepaid property taxes due in December 2017, but paid in advance by the taxpayers	1,214,247	1,214,247
Total deferred/unavailable revenue	<u>\$ 11,870,608</u>	<u>\$ 12,471,559</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Primary Government - General Fund	\$ -	\$ 2,629,903
Component Unit - Economic Development Authority	35,022	-
Component Unit - School Board	<u>2,594,881</u>	<u>-</u>
Total	<u>\$ 2,629,903</u>	<u>\$ 2,629,903</u>

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

Note 14—Landfill Closure and Postclosure Care Costs:

The County operates a solid waste landfill in such a manner as to comply with laws and regulations administered by the United States Environmental Protection Agency and Virginia Department of Waste Management. The \$476,246 reported as landfill closure and post closure liability at June 30, 2017, represents \$436,246 for closure and post closure care liability and \$40,000 for underground tank coverage. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County will also demonstrate financial assurance of an additional one million dollars as a result of the statistically significant exceedance of groundwater Protection Standards. The County intends to fund future costs from funds accumulated for this purpose in the General Fund.

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

Note 15—Other Postemployment Benefits—Health Insurance:

County:

Background

Beginning in fiscal year 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45 for other postemployment benefits (OPEB) offered to retirees. This standard addresses how local governments should account for and report their costs related to postemployment health-care and non-pension benefits, such as the County's retiree health benefit subsidy. Historically, the County's subsidy was funded on a pay-as-you go basis, but GASB Statement No. 45 requires that the County accrue the cost of the retiree health subsidy and other postemployment benefits during the period of the employees' active employment, while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of postemployment benefits and the financial impact on the County. This funding methodology mirrors the funding approach used for pension benefits.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

County: (Continued)

A. Plan Description

In addition to the pension benefits described in Note 10, the County provides postretirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the County with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the County, may elect to remain on the County's insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

B. Funding Policy

Eligible retirees from the County may elect to remain on the County's health and dental insurance plans, at their expense, until they reach age 65 or become eligible for Medicare. Retirees' spouses may also remain on the County Plan at the retiree's expense.

C. Annual OPEB Cost and Net OPEB Obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding, that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the County's amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution	\$	10,900
Interest on net OPEB obligation		1,588
Adjustment to annual required contribution		(2,467)
Annual OPEB cost (expense)	\$	<u>10,021</u>
Contributions made		(5,000)
Increase in net OPEB obligation	\$	<u>5,021</u>
Net OPEB obligation - beginning of year		45,376
Net OPEB obligation - end of year	\$	<u><u>50,397</u></u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

County: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

For 2017, the County's expected cash payment of \$5,000 was \$5,021 less than the OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 8,855	30.49%	\$ 39,440
June 30, 2016	9,636	38.40%	45,376
June 30, 2017	10,021	49.90%	50,397

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$ 102,600
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	102,600
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	5,112,500
UAAL as a percentage of covered payroll	2.01%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

County: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

In the June 30, 2016, most recent actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3.5 percent investment rate of return and an annual healthcare cost trend assumption of 7.40 percent graded to 4.10 percent over 61 years. Both rates included a 2.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was 30 years.

Cost Method

The projected unit credit method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have nor normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	<u>Unfunded</u>
Discount rate	3.50%
Health cost trend assumption	7.40% graded to 4.10% over 61 years
Payroll growth	None assumed

School Board:

A. Plan Description

In addition to the pension benefits described in Note 10, the School Board provides postretirement healthcare insurance benefits for employees who are eligible for retirement benefits. Individuals who retire from the School Board with full VRS benefits (i.e. 50 years of age and 30 years of continuous service) and have 15 years of service with the School Board, may elect to remain on the School Board's insurance plan, at their own cost, until age 65 when they become eligible for Medicare, at which time benefits cease. The retiree's spouse can receive benefits under the plan with the premium to be paid by the retiree.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

School Board: (Continued)

B. Funding Policy

Eligible retirees from the School Board may elect to remain on the School Board’s health insurance plan, at their expense, indefinitely. Retirees’ spouses and other dependents may also remain on the plan at the retiree’s expense.

C. Annual OPEB Cost and Net OPEB Obligation

The School Board’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table show the components of the annual OPEB cost for the year, the School Board’s amount actually contributed to the plan, and changes in the School Board’s net OPEB obligation:

Annual required contribution	\$	237,100
Interest on net OPEB obligation		28,038
Adjustment to annual required contribution		(43,556)
Annual OPEB cost (expense)	\$	221,582
Contributions made		(75,000)
Increase in net OPEB obligation	\$	146,582
Net OPEB obligation - beginning of year		801,088
Net OPEB obligation - end of year	\$	947,670

For 2017, the School Board’s expected cash payment of \$75,000 was \$146,582 less than the OPEB cost. The School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 213,935	51.79%	\$ 700,151
June 30, 2016	215,037	53.06%	801,088
June 30, 2017	221,582	33.85%	947,670

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

School Board: (Continued)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016, date of the most recent actuarial valuation, is as follows:

Actuarial accrued liability (AAL)	\$	2,056,500
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)		2,056,500
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		18,478,000
UAAL as a percentage of covered payroll		11.13%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

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

In the June 30, 2016, most recent actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3.5 percent investment rate of return and an annual healthcare cost trend assumption of 7.40 percent graded to 4.10 percent over 61 years. Both rates included 2.5 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2016 was 30 years.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 15—Other Postemployment Benefits—Health Insurance: (Continued)

School Board: (Continued)

E. Actuarial Methods and Assumptions: (Continued)

Cost Method

The projected unit credit method is used to determine the plan's funding liabilities and costs. Under this cost method, the actuarial present value of projected benefits of every active participant as if the plan's provisions on the valuation date had always been in effect, is determined as a level percentage of expected annual earnings for each future year of expected service. A normal cost for each year from the assumed entry date is determined by applying this level percentage of pay to the assumed earnings for that year (or if benefits are not pay related, the level amount for each year).

Under these methods, inactive participants have no normal cost, and their actuarial liability is the present value of the plan benefits to which they and their beneficiaries are entitled. The plan's total annual normal cost and actuarial liability are the sum of the individual participant amounts.

An experience gain or loss is a decrease or increase in the unfunded actuarial liability attributable to actual experience that differed from that expected by the actuarial assumptions. Such gains or losses are explicitly recognized under this method.

Interest Assumptions

	<u>Unfunded</u>	
Discount rate		3.50%
Health cost trend assumption	7.40% graded to 4.10% over 61 years	
Payroll growth		None assumed

Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program:

County:

A. Plan Description

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

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program: (Continued)

County: (Continued)

A. Plan Description: (Continued)

Localities may elect to provide an additional health insurance credit of \$1 per month for each full year of the retired members' creditable service, not to exceed a maximum monthly credit of \$30. The enhanced credit is available for constitutional officers and their employees, local social services employees, and general registrars and their employees. Whereas the \$1.50 health credit cost is borne by the Commonwealth, the costs of such additional health insurance credit shall be borne by the locality.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 10.

B. Funding Policy

As a participating local political subdivision, the County is required to contribute the entire amount necessary to fund participation in the program using the actuarial basis specified by the Code of Virginia and the VRS Board of Trustees. The County's contribution rate for the fiscal year ended 2017 was .19% of annual covered payroll.

C. Annual OPEB Cost and Net OPEB Obligation

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

For 2017, the County's contribution of \$3,784 was equal to the ARC and OPEB cost. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016 and 2015 were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 3,538	100%	-
June 30, 2016	3,449	100%	-
June 30, 2017	3,784	100%	-

Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program: (Continued)

County: (Continued)

D. Funded Status and Funding Progress: (Continued)

The funded status of the plan as of June 30, 2016, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	108,806
Actuarial value of plan assets		79,396
Unfunded actuarial accrued liability		29,410
Funded ratio (actuarial value of plan assets/AAL)		72.97%
Covered payroll (active plan members)		2,037,450
UAAL as a percentage of covered payroll		1.44%

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

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

E. Actuarial Methods and Assumptions

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

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7% investment rate of return, compounded annually, including an inflation component of 2.5%, and a payroll growth rate of 3%. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining open amortization period at June 30, 2016 was 18-27 years.

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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2017 (Continued)

Note 16—Other Postemployment Benefits Program-Health Insurance Credit Program: (Continued)

School Board:

Professional Employees - Discretely Presented Component Unit School Board

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service.

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2017 and 2016 was \$190,787 and \$176,462, respectively and equaled the required contribution for the year.

Note 17—Upcoming Pronouncements:

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

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Note 17—Upcoming Pronouncements: (Continued)

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

Statement No. 86, *Certain Debt Extinguishment Issues*, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

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

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

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Required Supplementary Information

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Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2017

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 18,521,121	\$ 18,521,121	\$ 19,725,650	\$ 1,204,529
Other local taxes	4,290,500	4,290,500	4,656,707	366,207
Permits, privilege fees and regulatory licenses	243,300	243,300	230,840	(12,460)
Fines and forfeitures	135,170	135,170	169,249	34,079
Revenue from use of money and property	36,406	36,406	43,079	6,673
Charges for services	3,535,174	3,566,334	2,038,880	(1,527,454)
Miscellaneous	525	116,839	159,692	42,853
Recovered costs	127,086	127,086	348,387	221,301
Intergovernmental:				
Commonwealth	6,129,552	6,542,540	5,876,107	(666,433)
Federal	1,261,219	1,361,584	1,396,450	34,866
Total revenues	\$ 34,280,053	\$ 34,940,880	\$ 34,645,041	\$ (295,839)
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 101,777	\$ 113,385	\$ 113,258	\$ 127
General and financial administration:				
County administrator	\$ 503,668	\$ 510,129	\$ 510,123	\$ 6
Legal services	58,613	58,613	58,563	50
Independent auditor	46,300	50,957	50,957	-
Commissioner of the Revenue	223,329	223,329	220,507	2,822
Reassessment	62,046	64,856	64,855	1
Treasurer	305,027	336,187	297,405	38,782
Computer technology	138,950	132,479	88,357	44,122
Vehicle maintenance facility	1,180,526	1,113,460	727,529	385,931
Total general and financial administration	\$ 2,518,459	\$ 2,490,010	\$ 2,018,296	\$ 471,714
Board of Elections:				
Electoral board and officials	\$ 159,602	\$ 159,602	\$ 149,490	\$ 10,112
Total general government administration	\$ 2,779,838	\$ 2,762,997	\$ 2,281,044	\$ 481,953

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2017 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Judicial administration:				
Courts:				
Circuit court	\$ 67,701	\$ 75,141	\$ 69,731	\$ 5,410
Combined Courts	11,140	11,140	7,583	3,557
Special magistrates	950	950	476	474
Juvenile and domestic relations district court	14,546	14,546	14,023	523
Clerk of the circuit court	396,639	403,480	379,232	24,248
Victim and witness assistance	60,748	69,049	61,177	7,872
Total courts	\$ 551,724	\$ 574,306	\$ 532,222	\$ 42,084
Commonwealth's attorney:				
Commonwealth's attorney	\$ 322,429	\$ 373,749	\$ 337,767	\$ 35,982
Total judicial administration	\$ 874,153	\$ 948,055	\$ 869,989	\$ 78,066
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,869,142	\$ 3,122,899	\$ 2,886,101	\$ 236,798
Technology grant	-	5,466	1,517	3,949
DMV overtime grant	-	6,868	5,031	1,837
School resource officer	185,554	185,554	183,254	2,300
Byrne grant	-	11,847	10,320	1,527
Forfeited property	-	29,945	9,032	20,913
Donations	-	55,888	34,903	20,985
Emergency 911 system	671,869	671,869	564,411	107,458
Grant expenditures	-	48,919	28,764	20,155
Wireless funds	-	150,000	150,000	-
Total law enforcement and traffic control	\$ 3,726,565	\$ 4,289,255	\$ 3,873,333	\$ 415,922
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 748,100	\$ 806,792	\$ 788,792	\$ 18,000
Other fire and rescue	1,008,625	1,008,625	905,107	103,518
Total fire and rescue services	\$ 1,756,725	\$ 1,815,417	\$ 1,693,899	\$ 121,518
Correction and detention:				
Confinement of prisoners	\$ 2,038	\$ 2,053	\$ 1,304	\$ 749
Payment to regional jail	1,140,162	1,140,162	1,140,162	-
Juvenile detention homes	133,288	133,288	128,782	4,506
Total correction and detention	\$ 1,275,488	\$ 1,275,503	\$ 1,270,248	\$ 5,255

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2017 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Public Safety: (continued)				
Inspections:				
Building	\$ 306,107	\$ 306,107	\$ 290,584	\$ 15,523
Other protection:				
Animal shelter	\$ 99,893	\$ 225,780	\$ 82,771	\$ 143,009
Civil defense	120,515	128,015	112,373	15,642
Animal control	156,360	156,360	103,248	53,112
Medical examiner	200	200	100	100
Total other protection	\$ 376,968	\$ 510,355	\$ 298,492	\$ 211,863
Total public safety	\$ 7,441,853	\$ 8,196,637	\$ 7,426,556	\$ 770,081
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 1,427,052	\$ 1,427,052	\$ 1,156,497	\$ 270,555
Maintenance of general buildings and grounds:				
General properties	\$ 482,851	\$ 508,262	\$ 444,012	\$ 64,250
Total public works	\$ 1,909,903	\$ 1,935,314	\$ 1,600,509	\$ 334,805
Health and welfare:				
Health:				
Local health department	\$ 256,064	\$ 255,047	\$ 255,017	\$ 30
Mental health and mental retardation:				
Chapter X board	\$ 83,122	\$ 82,122	\$ 81,979	\$ 143
Welfare:				
Welfare administration and public assistance	\$ 1,666,595	\$ 1,666,595	\$ 1,485,700	\$ 180,895
Comprehensive services act	1,525,000	1,625,000	1,245,324	379,676
Area agency on aging	88,763	90,780	90,780	-
Piedmont regional dental clinic	2,500	2,500	2,500	-
Tax relief for the elderly	-	-	263,898	(263,898)
Shelter for help in emergency	3,060	3,060	3,060	-
Community corrections	4,000	4,000	4,000	-
Total welfare	\$ 3,289,918	\$ 3,391,935	\$ 3,095,262	\$ 296,673
Total health and welfare	\$ 3,629,104	\$ 3,729,104	\$ 3,432,258	\$ 296,846

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2017 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Education:				
Contributions to community colleges	\$ 5,373	\$ 5,373	\$ 5,373	\$ -
Contribution to Component Unit - School Board	14,519,303	14,519,303	13,226,660	1,292,643
Total education	\$ 14,524,676	\$ 14,524,676	\$ 13,232,033	\$ 1,292,643
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 238,846	\$ 238,846	\$ 207,500	\$ 31,346
Library:				
Regional library	\$ 374,104	\$ 374,104	\$ 371,396	\$ 2,708
Total parks, recreation, and cultural	\$ 612,950	\$ 612,950	\$ 578,896	\$ 34,054
Community development:				
Planning and community development:				
Planning	\$ 375,345	\$ 680,534	\$ 377,195	\$ 303,339
Community development	1,448,865	1,458,682	1,349,160	109,522
Zoning board	7,217	7,217	3,345	3,872
Economic development	317,226	350,369	332,180	18,189
Total planning and community development	\$ 2,148,653	\$ 2,496,802	\$ 2,061,880	\$ 434,922
Environmental management:				
Soil and water conservation district	\$ 18,454	\$ 18,454	\$ 18,454	\$ -
Environmental management	75,859	76,359	69,986	6,373
Total environmental management	\$ 94,313	\$ 94,813	\$ 88,440	\$ 6,373
Cooperative extension program:				
VPI extension program	\$ 61,189	\$ 61,189	\$ 50,391	\$ 10,798
Total community development	\$ 2,304,155	\$ 2,652,804	\$ 2,200,711	\$ 452,093
Nondepartmental:				
Miscellaneous	\$ 168,450	\$ 169,835	\$ 125,755	\$ 44,080

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2017 (continued)

Fund, Function, Activity, Element	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Expenditures: (Continued)				
Capital projects:				
Recreation facilities	\$ -	\$ 19,886	\$ 6,574	\$ 13,312
Sewer project	-	52,937	52,937	-
Water system Improvements	-	50,894	50,894	-
Motor vehicles	-	-	160,238	(160,238)
Blue Ridge Juvenile Detention Center	49,658	49,658	49,658	-
Total capital projects	\$ 49,658	\$ 173,375	\$ 320,301	\$ (146,926)
Debt service:				
Principal retirement	\$ 1,909,725	\$ 1,909,725	\$ 830,258	\$ 1,079,467
Interest and fiscal charges	926,556	926,556	62,618	863,938
Total debt service	\$ 2,836,281	\$ 2,836,281	\$ 892,876	\$ 1,943,405
Total expenditures	\$ 37,131,021	\$ 38,542,028	\$ 32,960,928	\$ 5,581,100
Excess (deficiency) of revenues over (under) expenditures	\$ (2,850,968)	\$ (3,601,148)	\$ 1,684,113	\$ 5,285,261
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 160,238	\$ 160,238
Transfers out	-	-	(2,551,374)	(2,551,374)
Total other financing sources (uses)	\$ -	\$ -	\$ (2,391,136)	\$ (2,391,136)
Change in fund balance	\$ (2,850,968)	\$ (3,601,148)	\$ (707,023)	\$ 2,894,125
Fund balance at beginning of year	2,850,968	3,601,148	13,925,333	10,324,185
Fund balance at end of year	\$ -	\$ -	\$ 13,218,310	\$ 13,218,310

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 626,524	\$ 594,337	\$ 589,783
Interest	1,242,379	1,176,121	1,105,478
Differences between expected and actual experience	486,106	(80,467)	-
Benefit payments, including refunds of employee contributions	(796,628)	(690,252)	(681,899)
Net change in total pension liability	\$ 1,558,381	\$ 999,739	\$ 1,013,362
Total pension liability - beginning	18,146,589	17,146,850	16,133,488
Total pension liability - ending (a)	\$ 19,704,970	\$ 18,146,589	\$ 17,146,850
Plan fiduciary net position			
Contributions - employer	\$ 526,301	\$ 534,179	\$ 513,429
Contributions - employee	262,882	262,135	242,987
Net investment income	300,700	747,779	2,210,181
Benefit payments, including refunds of employee contributions	(796,628)	(690,252)	(681,899)
Administrative expense	(10,459)	(9,986)	(11,721)
Other	(127)	(158)	116
Net change in plan fiduciary net position	\$ 282,669	\$ 843,697	\$ 2,273,093
Plan fiduciary net position - beginning	17,029,543	16,185,846	13,912,753
Plan fiduciary net position - ending (b)	\$ 17,312,212	\$ 17,029,543	\$ 16,185,846
County's net pension liability - ending (a) - (b)	\$ 2,392,758	\$ 1,117,046	\$ 961,004
Plan fiduciary net position as a percentage of the total pension liability	87.86%	93.84%	94.40%
Covered payroll	\$ 5,152,664	\$ 5,064,627	\$ 4,782,184
County's net pension liability as a percentage of covered payroll	46.44%	22.06%	20.10%

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

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 195,561	\$ 207,351	\$ 197,556
Interest	549,678	529,260	501,192
Differences between expected and actual experience	(43,785)	(130,804)	-
Benefit payments, including refunds of employee contributions	(319,802)	(308,451)	(287,094)
Net change in total pension liability	\$ 381,652	\$ 297,356	\$ 411,654
Total pension liability - beginning	8,012,437	7,715,081	7,303,427
Total pension liability - ending (a)	\$ 8,394,089	\$ 8,012,437	\$ 7,715,081
Plan fiduciary net position			
Contributions - employer	\$ 168,767	\$ 180,867	\$ 162,035
Contributions - employee	85,822	92,428	88,696
Net investment income	135,115	341,344	1,019,576
Benefit payments, including refunds of employee contributions	(319,802)	(308,451)	(287,094)
Administrative expense	(4,788)	(4,638)	(5,481)
Other	(57)	(73)	54
Net change in plan fiduciary net position	\$ 65,057	\$ 301,477	\$ 977,786
Plan fiduciary net position - beginning	7,758,089	7,456,612	6,478,826
Plan fiduciary net position - ending (b)	\$ 7,823,146	\$ 7,758,089	\$ 7,456,612
 School Division's net pension liability - ending (a) - (b)	 \$ 570,943	 \$ 254,348	 \$ 258,469
 Plan fiduciary net position as a percentage of the total pension liability	 93.20%	 96.83%	 96.65%
 Covered payroll	 \$ 1,749,954	 \$ 1,865,716	 \$ 1,775,867
 School Division's net pension liability as a percentage of covered payroll	 32.63%	 13.63%	 14.55%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
 For the Years Ended June 30, 2015 through June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.22%	0.21%	0.20%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 30,577,000	\$ 26,993,000	\$ 24,663,000
Employer's Covered Payroll	16,647,396	15,942,460	14,910,035
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	183.67%	169.32%	165.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions
 For the Years Ended June 30, 2008 through June 30, 2017

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
Primary Government					
2017	\$ 497,024	\$ 497,024	\$ -	\$ 5,392,875	9.22%
2016	530,209	530,209	-	5,152,664	10.29%
2015	521,150	521,150	-	5,064,627	10.29%
2014	514,085	514,085	-	4,782,184	10.75%
2013	517,848	517,848	-	4,817,190	10.75%
2012	379,987	379,987	-	4,611,496	8.24%
2011	365,916	365,916	-	4,440,726	8.24%
2010	384,107	384,107	-	4,583,617	8.38%
2009	389,161	389,161	-	4,643,924	8.38%
2008	341,128	341,128	-	4,356,680	7.83%
Component Unit School Board (nonprofessional)					
2017	\$ 112,642	\$ 112,642	\$ -	\$ 1,782,774	6.32%
2016	170,446	170,446	-	1,749,954	9.74%
2015	181,721	181,721	-	1,865,716	9.74%
2014	162,137	162,137	-	1,775,867	9.13%
2013	157,288	157,288	-	1,722,757	9.13%
2012	126,647	126,647	-	1,686,384	7.51%
2011	126,754	126,754	-	1,687,804	7.51%
2010	130,052	130,052	-	1,713,470	7.59%
2009	128,990	128,990	-	1,699,475	7.59%
2008	119,070	119,070	-	1,720,658	6.92%
Component Unit School Board (professional)					
2017	\$ 2,466,470	\$ 2,466,470	\$ -	\$ 17,188,041	14.35%
2016	2,317,645	2,317,645	-	16,647,396	13.92%
2015	2,294,610	2,294,610	-	15,942,460	14.39%
2014	2,100,800	2,100,800	-	14,910,035	14.09%
2013	1,756,255	1,756,255	-	15,062,224	11.66%
2012	1,714,645	1,714,645	-	15,133,669	11.33%
2011	1,328,309	1,328,309	-	14,830,772	8.96%
2010	1,713,408	1,713,408	-	15,237,092	11.24%
2009	2,132,693	2,132,693	-	15,443,103	13.81%
2008	2,276,893	2,276,893	-	14,881,653	15.30%

Current year contributions are from County records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information
For the Year Ended June 30, 2017

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is not material.

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

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Schedule of OPEB Funding Progress
Last Three Years

Other Postemployment Benefits - Health Insurance:

Primary Government:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ -	\$ 42,500	\$ 42,500	0.00%	\$ 4,425,800	0.96%
6/30/2014	-	73,500	73,500	0.00%	5,031,800	1.46%
6/30/2016	-	102,600	102,600	0.00%	5,112,500	2.01%

Discretely Presented Component Unit - School Board

Actuarial Valuation Date *	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2011	\$ -	\$ 2,225,900	\$ 2,225,900	0.00%	\$ 17,014,800	13.08%
6/30/2014	-	1,941,600	1,941,600	0.00%	16,424,100	11.82%
6/30/2016	-	2,056,500	2,056,500	0.00%	18,478,000	11.13%

Virginia Retirement System - Health Insurance Credit:

Primary Government:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio (2) / (3)	Covered Payroll	UAAL as % of Covered Payroll (4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2014	\$ 82,031	\$ 96,816	\$ 14,785	84.73%	\$ 1,936,597	0.76%
6/30/2015	82,290	105,244	22,954	78.19%	1,993,251	1.15%
6/30/2016	79,396	108,806	29,410	72.97%	2,037,450	1.44%

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Other Supplementary Information

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Combining and Individual Fund Financial Statements and Schedules

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Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - Debt Service Fund
 For the Year Ended June 30, 2017

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 626,943	\$ 626,943
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,943</u>	<u>\$ 626,943</u>
Expenditures:				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,256,068	\$ (1,256,068)
Interest and fiscal charges	-	-	889,931	(889,931)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,145,999</u>	<u>\$ (2,145,999)</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,145,999</u>	<u>\$ (2,145,999)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,519,056)</u>	<u>\$ (1,519,056)</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 1,962,222	\$ 1,962,222
Payment to refunding escrow agent	-	-	(1,079,734)	(1,079,734)
Bond issuance costs	-	-	(54,175)	(54,175)
Issuance of refunding bonds	-	-	920,000	920,000
Bond premium	-	-	217,686	217,686
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,965,999</u>	<u>\$ 1,965,999</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,943</u>	<u>\$ 446,943</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>547,597</u>	<u>547,597</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 994,540</u></u>	<u><u>\$ 994,540</u></u>

Statement of Changes in Assets and Liabilities -
 Agency Fund
 For the Year Ended June 30, 2017

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Special welfare:				
Assets:				
Cash and cash equivalents	\$ 45,507	\$ 2,302	\$ 245	\$ 47,564
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Amounts held for social services clients	\$ 45,507	\$ 2,302	\$ 245	\$ 47,564
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Discretely Presented Component Unit-School Board

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Combining Balance Sheet - Discretely Presented Component Unit - School Board
 June 30, 2017

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 153,433	\$ 153,433
Due from primary government	2,594,881	-	2,594,881
Due from other governmental units	823,620	-	823,620
Prepaid items	128,197	-	128,197
Total assets	<u>\$ 3,546,698</u>	<u>\$ 153,433</u>	<u>\$ 3,700,131</u>
LIABILITIES			
Accounts payable	\$ 849,185	\$ -	\$ 849,185
Accrued liabilities	2,697,513	-	2,697,513
Total liabilities	<u>\$ 3,546,698</u>	<u>\$ -</u>	<u>\$ 3,546,698</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 128,197	\$ -	\$ 128,197
Committed:			
Education	(128,197)	153,433	25,236
Total fund balances	<u>\$ -</u>	<u>\$ 153,433</u>	<u>\$ 153,433</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:			
Total fund balances per above			\$ 153,433
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 127,800	
Buildings and improvements		10,058,894	
Equipment		2,142,537	12,329,231
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Items related to the measurement of net pension liability			(1,429,856)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.			
			2,640,751
Interest on capital leases is not accrued in governmental funds, but rather is recognized as an expenditure when due.			
			(948)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases		\$ (601,645)	
Compensated absences		(394,955)	
Net pension liability		(31,147,943)	
Adjustment for changes in proportionate share of net pension liability		1,326,000	
Net difference between projected and actual earnings on pension plan investments		1,951,924	
Net OPEB obligation		(947,670)	(29,814,289)
Net Position of Discretely Presented Component Unit - School Board			<u>\$ (16,121,678)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2017

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenues:			
Revenue from use of money and property	\$ 62,826	\$ -	\$ 62,826
Charges for services	276,251	454,872	731,123
Miscellaneous	339,034	12,192	351,226
Recovered costs	755,749	-	755,749
Intergovernmental:			
County contribution to School Board	13,226,660	-	13,226,660
Commonwealth	18,639,985	-	18,639,985
Federal	2,128,848	-	2,128,848
Total revenues	\$ 35,429,353	\$ 467,064	\$ 35,896,417
Expenditures:			
Current:			
Education	\$ 33,051,910	\$ 1,344,356	\$ 34,396,266
Debt service:			
Principal retirement	1,317,588	-	1,317,588
Interest	569,398	-	569,398
Total expenditures	\$ 34,938,896	\$ 1,344,356	\$ 36,283,252
Excess (deficiency) of revenues over (under) expenditures	\$ 490,457	\$ (877,292)	\$ (386,835)
Other financing sources (uses):			
Issuance of capital leases	\$ 342,405	\$ -	\$ 342,405
Transfers in	-	832,862	832,862
Transfers (out)	(832,862)	-	(832,862)
Total other financing sources (uses)	\$ (490,457)	\$ 832,862	\$ 342,405
Change in fund balance	\$ -	\$ (44,430)	\$ (44,430)
Fund balance at beginning of year	-	197,863	197,863
Fund balance at end of year	\$ -	\$ 153,433	\$ 153,433

Reconciliation of Schedule of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2017

		<u>Component Unit School Board</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	\$	(44,430)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation exceeded capital outlays in the current period is computed as follows:		
Capital additions	\$	533,024
Transfer of joint tenancy assets from Primary Government to the Component Unit		824,750
Depreciation expense		<u>(846,159)</u>
		511,615
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in deferred inflows of resources related to net pension liability		1,382,710
The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. A summary of items supporting this adjustment is as follows:		
Capital lease proceeds	\$	(342,405)
Principal retired on capital lease obligations		<u>365,386</u>
		22,981
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. This amount reflects the changes in compensated absences, net OPEB obligation, and accrued interest payable.		
Change in compensated absences	\$	11,050
(Increase) decrease in net pension liability		(3,900,595)
Increase (decrease) in deferred outflows of resources related to pension payments subsequent to the measurement date		91,021
Increase (decrease) in deferred outflows of resources related to the measurement of the net pension liability		2,100,924
Change in net OPEB obligation		(146,582)
Change in accrued interest payable		<u>2,966</u>
		(1,841,216)
Change in net position of governmental activities	\$	<u><u>31,660</u></u>

COUNTY OF GREENE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2017

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 82,500	\$ 82,500	\$ 62,826	\$ (19,674)
Charges for services	145,000	145,000	276,251	131,251
Miscellaneous	252,500	252,500	339,034	86,534
Recovered costs	718,000	718,000	755,749	37,749
Intergovernmental:				
County contribution to School Board	14,519,303	14,519,303	13,226,660	(1,292,643)
Commonwealth	19,099,277	19,099,277	18,639,985	(459,292)
Federal	1,942,924	1,942,924	2,128,848	185,924
Total revenues	<u>\$ 36,759,504</u>	<u>\$ 36,759,504</u>	<u>\$ 35,429,353</u>	<u>\$ (1,330,151)</u>
Expenditures:				
Current:				
Education				
Instruction	\$ 27,940,051	\$ 27,940,051	\$ 26,822,832	\$ 1,117,219
Administration, attendance and health	1,720,475	1,720,475	1,443,914	276,561
Pupil transportation	1,929,026	1,929,026	1,902,222	26,804
Operation and maintenance	2,601,869	2,601,869	2,882,942	(281,073)
Facilities	8,000	8,000	-	8,000
Food service	-	-	-	-
Total education	<u>\$ 34,199,421</u>	<u>\$ 34,199,421</u>	<u>\$ 33,051,910</u>	<u>\$ 1,147,511</u>
Debt service:				
Principal retirement	\$ 1,375,092	\$ 1,375,092	\$ 1,317,588	\$ 57,504
Interest	539,991	539,991	569,398	(29,407)
Total debt service	<u>\$ 1,915,083</u>	<u>\$ 1,915,083</u>	<u>\$ 1,886,986</u>	<u>\$ 28,097</u>
Total expenditures	<u>\$ 36,114,504</u>	<u>\$ 36,114,504</u>	<u>\$ 34,938,896</u>	<u>\$ 1,175,608</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 645,000</u>	<u>\$ 645,000</u>	<u>\$ 490,457</u>	<u>\$ (154,543)</u>
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 342,405	\$ 342,405
Transfers in	-	-	-	-
Transfers (out)	(645,000)	(645,000)	(832,862)	(187,862)
Total other financing sources (uses)	<u>\$ (645,000)</u>	<u>\$ (645,000)</u>	<u>\$ (490,457)</u>	<u>\$ 154,543</u>
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Exhibit 19

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	454,872	454,872
-	-	12,192	12,192
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,064</u>	<u>\$ 467,064</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,344,356	(1,344,356)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,344,356</u>	<u>\$ (1,344,356)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,344,356</u>	<u>\$ (1,344,356)</u>
\$ -	\$ -	\$ (877,292)	\$ (877,292)
\$ -	\$ -	\$ -	\$ -
-	-	832,862	832,862
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832,862</u>	<u>\$ 832,862</u>
\$ -	\$ -	\$ (44,430)	\$ (44,430)
-	-	197,863	197,863
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,433</u>	<u>\$ 153,433</u>

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Supporting Schedule

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Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2017

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary government:				
General fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,652,009	\$ 13,652,009	\$ 14,560,674	\$ 908,665
Real and personal public service corporation taxes	559,038	559,038	491,559	(67,479)
Personal property taxes	3,701,666	3,701,666	4,155,337	453,671
Mobile home taxes	54,019	54,019	-	(54,019)
Machinery and tools taxes	198,389	198,389	181,860	(16,529)
Penalties	200,000	200,000	229,050	29,050
Interest	156,000	156,000	107,170	(48,830)
Total general property taxes	\$ 18,521,121	\$ 18,521,121	\$ 19,725,650	\$ 1,204,529
Other local taxes:				
Local sales and use taxes	\$ 1,800,000	\$ 1,800,000	\$ 1,908,825	\$ 108,825
Consumer utility taxes	405,000	405,000	415,924	10,924
Business license taxes	497,000	497,000	629,285	132,285
Motor vehicle licenses	450,000	450,000	452,191	2,191
Bank stock taxes	47,000	47,000	60,471	13,471
Taxes on recordation and wills	218,500	218,500	241,751	23,251
Transient lodging taxes	175,000	175,000	211,939	36,939
Meals taxes	698,000	698,000	736,321	38,321
Total other local taxes	\$ 4,290,500	\$ 4,290,500	\$ 4,656,707	\$ 366,207
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 9,700	\$ 9,700	\$ 9,513	\$ (187)
Other permits and licenses	233,600	233,600	221,327	(12,273)
Total permits, privilege fees and regulatory licenses	\$ 243,300	\$ 243,300	\$ 230,840	\$ (12,460)
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 135,170	\$ 135,170	\$ 169,249	\$ 34,079
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 6,673	\$ 6,673
Revenue from use of property	36,406	36,406	36,406	-
Total revenue from use of money and property	\$ 36,406	\$ 36,406	\$ 43,079	\$ 6,673

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Revenue from local sources: (continued)				
Charges for services:				
Sheriff's fees	\$ 1,400	\$ 1,400	\$ 1,085	\$ (315)
Law library fees	1,400	1,400	1,596	196
Courthouse maintenance	42,500	42,500	42,033	(467)
Commonwealth attorney fees	21,500	21,500	2,039	(19,461)
Dog pound fees	5,500	5,500	6,545	1,045
Charges for transportation services	253,898	253,898	137,359	(116,539)
DMV stop fees	-	31,160	31,980	820
After school program fees	327,165	327,165	114,084	(213,081)
Parks and recreation	75,500	75,500	48,815	(26,685)
Vehicle maintenance facility	750,000	750,000	494,661	(255,339)
Charges for landfill operations	1,415,891	1,415,891	840,578	(575,313)
Revenue recovery	315,000	315,000	317,920	2,920
Charges for water/sewer	325,000	325,000	-	(325,000)
Other charges for services	420	420	185	(235)
Total charges for services	\$ 3,535,174	\$ 3,566,334	\$ 2,038,880	\$ (1,527,454)
Miscellaneous:				
Donations	\$ 500	\$ 3,525	\$ 3,325	\$ (200)
Miscellaneous	25	113,314	156,367	43,053
Total miscellaneous	\$ 525	\$ 116,839	\$ 159,692	\$ 42,853
Recovered costs:				
State health department reimbursement	\$ -	\$ -	\$ 39,167	\$ 39,167
Expenditure refunds	127,086	127,086	309,220	182,134
Total recovered costs	\$ 127,086	\$ 127,086	\$ 348,387	\$ 221,301
Total revenue from local sources	\$ 26,889,282	\$ 27,036,756	\$ 27,372,484	\$ 335,728
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 10,000	\$ 10,000	\$ 12,255	\$ 2,255
Auto rental tax	4,500	4,500	4,763	263
Motor vehicle titling tax	18,000	18,000	-	(18,000)

Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Noncategorical aid: (Continued)				
Tax on deeds	\$ 60,500	\$ 60,500	\$ 58,129	\$ (2,371)
Rolling stock tax	225	225	112	(113)
Contribution to State of Virginia	(40,000)	(15,189)	-	15,189
Communication sales and use taxes	495,000	495,000	465,006	(29,994)
Personal property tax relief act	<u>2,249,911</u>	<u>2,249,911</u>	<u>2,249,911</u>	<u>-</u>
Total noncategorical aid	<u>\$ 2,798,136</u>	<u>\$ 2,822,947</u>	<u>\$ 2,790,176</u>	<u>\$ (32,771)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 233,698	\$ 233,698	\$ 231,143	\$ (2,555)
Sheriff	823,046	823,046	815,390	(7,656)
Commissioner of the Revenue	80,536	80,536	80,470	(66)
Treasurer	77,975	77,975	78,025	50
Registrar/electoral board	37,500	37,500	37,030	(470)
Clerk of the Circuit Court	<u>185,801</u>	<u>185,801</u>	<u>203,464</u>	<u>17,663</u>
Total shared expenses	<u>\$ 1,438,556</u>	<u>\$ 1,438,556</u>	<u>\$ 1,445,522</u>	<u>\$ 6,966</u>
Other categorical aid:				
Law enforcement grants	\$ 26,647	\$ 12,820	\$ 12,376	\$ (444)
Litter control	6,350	6,350	6,192	(158)
Fire programs fund	57,000	115,692	115,692	-
Section 18 transportation grant	364,950	364,950	175,533	(189,417)
Juvenile Justice	7,596	7,596	7,596	-
E-911 wireless grant	46,000	196,000	198,617	2,617
Forfeited Property	-	9,575	9,575	-
Public assistance	383,317	383,317	293,664	(89,653)
Rescue assistance grant	-	6,740	6,741	1
Domestic violence	-	45,000	43,005	(1,995)
Children's services	976,000	1,076,000	726,973	(349,027)
USDA grant	25,000	25,000	30,373	5,373
Other categorical aid	<u>-</u>	<u>31,997</u>	<u>14,072</u>	<u>(17,925)</u>
Total other categorical aid	<u>\$ 1,892,860</u>	<u>\$ 2,281,037</u>	<u>\$ 1,640,409</u>	<u>\$ (640,628)</u>
Total categorical aid	<u>\$ 3,331,416</u>	<u>\$ 3,719,593</u>	<u>\$ 3,085,931</u>	<u>\$ (633,662)</u>
Total revenue from the Commonwealth	<u>\$ 6,129,552</u>	<u>\$ 6,542,540</u>	<u>\$ 5,876,107</u>	<u>\$ (666,433)</u>

Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Primary Government: (Continued)				
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Payments in lieu of taxes	\$ 42,000	\$ 42,000	\$ 44,927	\$ 2,927
Categorical aid:				
Welfare administration and assistance	\$ 766,634	\$ 766,634	\$ 789,263	\$ 22,629
Federal portion of children's services act	-	-	21,101	21,101
Section 18 transportation grant	452,585	452,585	464,872	12,287
Bulletproof vest grant	-	5,466	3,041	(2,425)
Transportation safety grant	-	-	13,955	13,955
Homeland security	-	31,000	-	(31,000)
Forfeited property	-	5,333	5,333	-
Byrne grant	-	5,107	3,579	(1,528)
Safety grants	-	38,459	37,128	(1,331)
Federal disaster recovery	-	15,000	13,251	(1,749)
Total categorical aid	<u>\$ 1,219,219</u>	<u>\$ 1,319,584</u>	<u>\$ 1,351,523</u>	<u>\$ 31,939</u>
Total revenue from the federal government	<u>\$ 1,261,219</u>	<u>\$ 1,361,584</u>	<u>\$ 1,396,450</u>	<u>\$ 34,866</u>
Total general fund	<u>\$ 34,280,053</u>	<u>\$ 34,940,880</u>	<u>\$ 34,645,041</u>	<u>\$ (295,839)</u>
Debt service fund:				
Revenue from local sources:				
Charges for services:				
Sewer EDU charges	\$ -	\$ -	\$ 280,000	\$ 280,000
User fees	-	-	246,943	246,943
Water EDU charges	-	-	100,000	100,000
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,943</u>	<u>\$ 626,943</u>
Total debt service fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,943</u>	<u>\$ 626,943</u>
Total Primary Government	<u>\$ 34,280,053</u>	<u>\$ 34,940,880</u>	<u>\$ 35,271,984</u>	<u>\$ 331,104</u>

Governmental Funds and Discretely Presented Component Unit
Schedule of Revenues -- Budget and Actual
For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board:				
School operating fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	\$ 82,500	\$ 82,500	\$ 62,826	\$ (19,674)
Charges for services:				
Charges for education	\$ 145,000	\$ 145,000	\$ 276,251	\$ 131,251
Miscellaneous:				
Expenditure refunds	\$ 115,000	\$ 115,000	\$ 58,958	\$ (56,042)
Miscellaneous	137,500	137,500	280,076	142,576
Total miscellaneous	\$ 252,500	\$ 252,500	\$ 339,034	\$ 86,534
Recovered costs:				
Other payments from another county or city	\$ 718,000	\$ 718,000	\$ 755,749	\$ 37,749
Total revenue from local sources	\$ 1,198,000	\$ 1,198,000	\$ 1,433,860	\$ 235,860
Intergovernmental:				
County contribution to School Board	\$ 14,519,303	\$ 14,519,303	\$ 13,226,660	\$ (1,292,643)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,468,213	\$ 3,468,213	\$ 3,451,103	\$ (17,110)
Basic school aid	9,384,095	9,384,095	9,419,015	34,920
GED	7,859	7,859	-	(7,859)
Remedial summer school	101,996	101,996	86,512	(15,484)
Remedial education - SOQ	280,989	280,989	279,692	(1,297)
Special education - SOQ	1,183,871	1,183,871	1,178,408	(5,463)
Textbook	37,727	37,727	160,436	122,709
Vocational standards of quality payments	202,477	202,477	201,543	(934)
Fringe benefits	1,745,849	1,745,849	1,737,792	(8,057)
Lottery	-	-	108,093	108,093
Regional program payments	1,011,297	1,011,297	762,684	(248,613)
Primary class size reduction	223,939	223,939	201,957	(21,982)
Technology	180,000	180,000	180,000	-
Other state funds	1,270,965	1,270,965	872,750	(398,215)
Total categorical aid	\$ 19,099,277	\$ 19,099,277	\$ 18,639,985	\$ (459,292)
Total revenue from the Commonwealth	\$ 19,099,277	\$ 19,099,277	\$ 18,639,985	\$ (459,292)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2017 (continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Component Unit -- School Board: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 375,000	\$ 375,000	\$ 359,969	\$ (15,031)
Title VI-B	580,000	580,000	734,083	154,083
Tech assistive	2,500	2,500	2,500	-
School food program grant	706,858	706,858	760,929	54,071
Pre-school SPED	23,000	23,000	20,963	(2,037)
Vocational education	40,566	40,566	18,339	(22,227)
Title III-ESL	10,000	10,000	21,701	11,701
BAB subsidy	120,000	120,000	122,107	2,107
Title II part A	85,000	85,000	88,257	3,257
Total revenue from the federal government	<u>\$ 1,942,924</u>	<u>\$ 1,942,924</u>	<u>\$ 2,128,848</u>	<u>\$ 185,924</u>
Total school operating fund	<u>\$ 36,759,504</u>	<u>\$ 36,759,504</u>	<u>\$ 35,429,353</u>	<u>\$ (1,330,151)</u>
School cafeteria fund:				
Special revenue fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 454,872	\$ 454,872
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 12,192	\$ 12,192
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,064</u>	<u>\$ 467,064</u>
Total school cafeteria fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,064</u>	<u>\$ 467,064</u>
Total Revenues -- Component Unit -- School Board	<u>\$ 36,759,504</u>	<u>\$ 36,759,504</u>	<u>\$ 35,896,417</u>	<u>\$ (863,087)</u>

Statistical Information

COUNTY OF GREENE, VIRGINIA

Government-Wide Expenses by Function
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education</u>
2007-08	\$ 2,354,054	\$ 669,784	\$ 4,608,566	\$ 2,601,110	\$ 3,041,586	\$ 10,093,139
2008-09	2,208,969	732,824	4,964,867	2,686,808	3,545,971	10,102,951
2009-10	2,317,597	728,288	5,168,726	2,157,064	3,141,865	9,977,710
2010-11	2,413,341	750,008	5,647,390	1,619,192	3,268,889	10,645,122
2011-12	2,569,601	796,212	5,925,042	1,668,381	3,283,874	10,876,226
2012-13	2,980,297	857,949	6,446,145	1,633,036	3,359,730	13,691,015
2013-14	2,951,965	872,678	6,524,622	1,556,202	3,356,783	13,111,319
2014-15	3,073,055	802,988	7,053,193	1,823,774	3,389,971	12,645,242
2015-16	3,044,641	806,765	6,945,379	1,659,669	3,889,018	12,321,340
2016-17	2,837,682	902,271	7,588,646	1,846,387	3,377,197	12,833,070

Table 1

	Recreation and Cultural	Community Development	Interest on Long-term Obligations	Total
\$	546,068	\$ 1,406,092	\$ 2,109,150	\$ 27,429,549
	798,049	1,554,244	2,023,856	28,618,539
	582,625	1,694,807	1,870,527	27,639,209
	586,531	1,829,783	1,777,149	28,537,405
	655,517	1,896,573	1,714,067	29,385,493
	638,132	2,003,035	1,827,823	33,437,162
	624,675	1,993,591	1,752,620	32,744,455
	613,315	2,081,033	1,976,446	33,459,017
	632,059	2,203,322	1,410,094	32,912,287
	610,767	2,226,695	1,317,618	33,540,333

COUNTY OF GREENE, VIRGINIA

Government-Wide Revenues

Last Ten Fiscal Years

Fiscal Year	Program Revenues		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2007-08	\$ 4,417,186	\$ 4,271,386	\$ -
2008-09	4,990,757	4,123,823	-
2009-10	3,643,413	4,125,296	202,677
2010-11	4,398,744	4,795,953	-
2011-12	3,891,179	3,892,236	40,000
2012-13	4,036,847	3,947,101	-
2013-14	2,826,399	3,972,855	150,000
2014-15	3,119,888	4,387,697	-
2015-16	3,251,514	4,442,405	-
2016-17	3,057,589	4,287,452	150,000

Table 2

General Revenues						
General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Unrestricted Revenues from the Use of Money & Property	Miscellaneous	Total	
\$ 14,805,399	\$ 3,506,466	\$ 2,429,762	\$ 787,025	\$ 180,310	\$ 30,397,534	
15,659,705	3,554,550	2,454,781	288,843	219,967	31,292,426	
16,501,906	3,789,119	2,406,313	130,067	200,312	30,999,103	
16,628,031	4,099,937	2,391,655	53,854	270,759	32,638,933	
16,830,631	3,799,812	2,889,095	53,042	212,158	31,608,153	
16,673,523	4,144,565	2,805,709	46,711	178,807	31,833,263	
17,656,127	4,017,436	2,889,702	40,988	170,215	31,723,722	
17,849,568	4,226,641	2,837,638	51,582	125,203	32,598,217	
18,738,446	4,612,880	2,873,049	46,928	223,848	34,189,070	
19,762,722	4,656,707	2,835,103	43,079	168,015	34,960,667	

COUNTY OF GREENE, VIRGINIA

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

<u>Fiscal Year</u>	<u>General Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>
2007-08	\$ 2,158,358	\$ 678,909	\$ 4,531,360	\$ 2,554,880	\$ 3,443,399
2008-09	2,124,961	656,157	4,776,585	2,541,465	3,566,681
2009-10	2,194,470	651,621	5,260,704	1,836,690	3,161,649
2010-11	2,289,610	673,341	5,770,110	1,810,474	3,275,516
2011-12	2,435,313	719,545	5,706,798	1,609,678	3,288,402
2012-13	2,456,653	772,434	6,159,573	1,523,644	3,255,905
2013-14	2,328,762	832,496	6,483,005	1,448,788	3,360,846
2014-15	2,469,394	818,349	6,691,754	1,664,455	3,423,259
2015-16	2,316,270	816,009	6,696,201	1,538,917	3,940,049
2016-17	2,281,044	869,989	7,426,556	1,600,509	3,432,258

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

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

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

Table 3

	<u>Education</u>	<u>Recreation and Cultural</u>	<u>Community Development</u>	<u>Non- depart- mental</u>	<u>Debt Service</u>	<u>Total</u>
\$	28,547,616	\$ 447,416	\$ 1,449,780	\$ 45,083	\$ 2,922,220	\$ 46,779,021
	29,662,860	706,843	1,587,242	36,260	3,048,763	48,707,817
	29,708,011	498,169	1,695,747	21,595	2,585,804	47,614,460
	28,886,279	505,441	1,871,410	18,776	2,590,803	47,691,760
	29,961,407	561,145	1,886,835	36,373	2,843,001	49,048,497
	31,054,835	539,347	1,848,327	91,223	2,945,886	50,647,827
	30,644,422	541,705	1,977,558	60,455	3,095,848	50,773,885
	32,704,706	536,156	2,181,858	49,655	3,194,774	53,734,360
	32,478,775	554,630	2,167,341	198,752	3,034,168	53,741,112
	34,401,639	578,896	2,200,711	125,755	2,779,862	55,697,219

COUNTY OF GREENE, VIRGINIA

General Government Revenues by Source (1) (2) (3)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees & Regulatory Licenses	Fines & Forfeitures	Revenues from the Use of Money & Property
2007-08	\$ 14,826,839	\$ 3,506,466	\$ 358,989	\$ 138,146	\$ 231,464
2008-09	15,625,373	3,554,550	316,414	184,505	101,049
2009-10	16,457,255	3,789,119	281,684	183,417	61,038
2010-11	16,630,394	4,099,937	305,014	168,098	44,914
2011-12	16,271,874	3,799,812	203,805	79,514	50,473
2012-13	17,202,455	4,144,565	209,061	184,442	59,382
2013-14	17,795,002	4,017,436	193,509	171,559	55,395
2014-15	18,093,338	4,226,642	284,761	136,057	122,085
2015-16	18,757,879	4,612,880	252,716	155,638	128,434
2016-17	19,725,650	4,656,707	230,840	169,249	105,905

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

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

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

Table 4

Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	Total
\$ 3,910,145	\$ 503,709	\$ 903,588	\$ 24,653,597	\$ 49,032,943
3,638,610	565,264	378,408	26,110,839	50,475,012
2,856,494	571,305	709,976	26,042,415	50,952,703
2,548,454	652,497	534,874	25,439,456	50,423,638
2,922,714	435,088	487,567	25,048,588	49,299,435
2,915,632	513,359	985,590	24,339,290	50,553,776
2,855,685	420,380	954,224	24,644,956	51,108,146
3,050,282	345,046	878,284	26,947,201	54,083,696
2,680,445	400,014	897,802	27,367,465	55,253,273
2,770,003	510,918	1,104,136	28,041,390	57,314,798

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1) (2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2007-08	\$ 17,357,261	\$ 16,094,917	92.73%	\$ 726,361	\$ 16,821,278	96.91%	\$ 1,371,557	7.90%
2008-09	17,946,941	16,947,660	94.43%	693,868	17,641,528	98.30%	1,469,758	8.19%
2009-10	18,483,392	17,711,070	95.82%	755,110	18,466,180	99.91%	1,542,094	8.34%
2010-11	18,468,863	17,905,126	96.95%	728,304	18,633,430	100.89%	1,762,188	9.54%
2011-12	18,545,899	17,525,048	94.50%	723,171	18,248,219	98.39%	1,900,921	10.25%
2012-13	18,649,051	18,076,828	96.93%	1,003,270	19,080,098	102.31%	1,767,242	9.48%
2013-14	18,795,003	18,123,626	96.43%	1,436,339	19,559,965	104.07%	1,364,252	7.26%
2014-15	19,199,591	18,939,576	98.65%	1,057,662	19,997,238	104.15%	1,217,356	6.34%
2015-16	20,160,557	20,088,020	99.64%	597,522	20,685,542	102.60%	1,188,962	5.90%
2016-17	21,016,278	20,603,979	98.04%	1,035,362	21,639,341	102.96%	1,116,143	5.31%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools (2)	Public Service Corporations	Total
2007-08	\$ 1,640,643,742	\$ 103,112,893	\$ 3,029,713	\$ 45,382,646	\$ 1,792,168,994
2008-09	1,793,032,015	101,216,300	4,734,675	41,346,332	1,940,329,322
2009-10	1,915,379,116	98,353,196	5,467,998	54,408,605	2,073,608,915
2010-11	1,894,195,815	101,055,538	5,654,529	54,004,950	2,054,910,832
2011-12	1,870,025,214	107,394,386	3,244,434	55,160,407	2,035,824,441
2012-13	1,823,328,015	111,502,339	1,091,649	58,554,406	1,994,476,409
2013-14	1,781,327,215	110,887,337	358,716	57,338,030	1,949,911,298
2014-15	1,795,290,615	114,485,426	2,415,418	60,309,478	1,972,500,937
2015-16	1,810,957,140	118,927,060	4,017,535	72,610,650	2,006,512,385
2016-17	1,879,683,615	122,945,946	2,915,751	63,325,599	2,068,870,911

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

(2) 2003-2004 Machinery and Tools assessment was assessed as a supplemental assessment.

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools
2007-08	\$ 0.72/0.72	\$ 5.00/5.00	2.00/2.00
2008-09	0.72/0.69	5.00/5.00	2.00/2.00
2009-10	0.69/0.69	5.00/5.00	2.00/2.50
2010-11	0.69/0.69	5.00/5.00	2.50/2.50
2011-12	0.69/0.69	5.00/5.00	2.50/2.50
2012-13	0.69/0.72	5.00/5.00	2.50/2.50
2013-14	0.72/0.72	5.00/5.00	2.50/2.50
2014-15	0.72/0.75	5.00/5.00	2.50/2.50
2015-16	0.75/0.775	5.00/5.00	2.50/2.50
2016-17	0.775/0.775	5.00/5.00	2.50/2.50

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

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

Fiscal Year	Population (1)	Assessed Value (2)	Gross & Net Bonded Debt (3)	Ratio of Net Debt to Assessed Value	Net Bonded Debt per Capita
2007-08	17,714	\$ 1,792,168,994	\$ 48,207,781	2.69%	2,721
2008-09	17,881	1,940,329,322	45,155,798	2.33%	2,525
2009-10	18,403	2,073,608,915	42,439,783	2.05%	2,306
2010-11	18,485	2,054,910,832	48,228,153	2.35%	2,609
2011-12	18,484	2,035,824,441	44,887,933	2.20%	2,428
2012-13	18,856	1,994,476,409	44,252,984	2.22%	2,347
2013-14	19,320	1,949,911,298	41,309,088	2.12%	2,138
2014-15	19,618	1,972,500,937	38,523,498	1.95%	1,964
2015-16	19,840	2,006,512,385	35,549,928	1.77%	1,792
2016-17	19,785	2,068,870,911	32,656,383	1.58%	1,651

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

(2) From Table 6.

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

Schedule of Operating Revenues and Expenditures for Transportation Activity
For the Year Ended June 30, 2017

Revenues:	
State aid	\$ 147,874
Federal aid	380,214
Fare collections	137,359
Greene County contribution for operations	<u>145,424</u>
 Total revenues	 \$ <u>810,871</u>
Expenditures:	
Salaries and fringes	\$ 640,344
Materials and other expenditures	<u>170,527</u>
 Total expenditures	 \$ <u>810,871</u>
 Excess of revenues over expenditures	 \$ <u><u>-</u></u>

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

Compliance

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Greene, Virginia as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County of Greene, Virginia's basic financial statements, and have issued our report dated November 30, 2017.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County'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 the County of Greene, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
November 30, 2017

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Greene, Virginia's compliance with the types of compliance requirements described *OMB Compliance Supplement* that could have a direct and material effect on each of County of Greene, Virginia's major federal programs for the year ended June 30, 2017. County of Greene, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, County of Greene, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

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

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

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

November 30, 2017

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Units For The Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Unknown	\$ 168,272
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAF	10.596	Unknown	27,059
Total Department of Agriculture			<u>\$ 195,331</u>
<u>DEPARTMENT OF TRANSPORTATION:</u>			
<u>Pass through payments:</u>			
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SC-2016-56200-6400/2017-57384-7003	\$ 5,574
Alcohol Impaired Driving Countermeasures Incentives Grants I	20.601	K8-2016-56184-6384/2017-57348-6997	8,382
Subtotal Highway Safety Cluster			<u>\$ 13,956</u>
Department of Rail and Public Transportation:			
Formula Grants for Rural Areas	20.509	42016/42516/42017/42517	464,872
Total Department of Transportation			<u>\$ 478,828</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payment:</u>			
Equitable Sharing Program	16.922	n/a	\$ 5,333
Bulletproof Vest Partnership Program	16.607	n/a	3,040
<u>Pass through payments:</u>			
Department of Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15DJBX1062	3,579
Crime Victim Assistance	16.575	15VAGX0043	37,128
Total Department of Justice			<u>\$ 49,080</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4262DRVAP00000001	\$ 13,251
Total Department of Homeland Security			<u>\$ 13,251</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Pass Through Payments:</u>			
Department of Social Services:			
Promoting Safe and Stable Families	93.556	950116	\$ 183
Temporary Assistance For Needy Families	93.558	0400116/0400117	118,308
Refugee and Entrant Assistance - State Administered Programs	93.566	0500116/0500117	309
Low-Income Home Energy Assistance	93.568	0600416/0600417	11,502
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760116/0760117	17,397
Chafee Education and Training Vouchers Program (ETV)	93.599	9160110	2,846
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116/0900117	157
Foster care - Title IV-E	93.658	1100116/1100117	85,694

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
For The Year Ended June 30, 2017 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
PRIMARY GOVERNMENT: (CONTINUED)			
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)</u>			
<u>Pass Through Payments: (Continued)</u>			
Department of Social Services: (Continued)			
Adoption Assistance	93.659	1120116/1120117	\$ 69,457
Social Services Block Grant	93.667	1000116/1000117	88,985
Chafee Foster Care Independence Program	93.674	9150116/9150117	897
Children's Health Insurance Program	93.767	0540116/0540117	6,686
Medical Assistance Program	93.778	1200116/1200117	<u>212,612</u>
Total Department of Health and Human Services			\$ <u>615,033</u>
Total Primary Government			\$ <u><u>1,351,523</u></u>
COMPONENT UNIT-SCHOOL BOARD:			
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Pass through payments:</u>			
Child Nutrition Cluster:			
Department of Agriculture and Consumer Services:			
Food Commodities	10.555	2016IN109941/2017IN109941	\$ 79,383
Department of Education:			
National School Lunch Program	10.555	2016IN109941/2017IN109941	<u>515,895</u>
Total food commodities and national school lunch program			\$ 595,278
School Breakfast Program	10.553	2016IN109941/2017IN109941	<u>165,651</u>
Total Department of Agriculture			\$ <u>760,929</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	APE42901	\$ 359,969
Special Education Cluster:			
Special Education - Grants to States	84.027	APE43071/APE60180	736,583
Special Education - Preschool Grants	84.173	APE62521	<u>20,963</u>
Subtotal Special Education Cluster			\$ 757,546
Career and Technical Education - Basic Grants to States	84.048	APE61095	18,339
Supporting Effective Instruction State Grant	84.367	APE61480	88,257
English Language Acquisition State Grants	84.365	APE60509/APE60760	<u>21,701</u>
Total Department of Education			\$ <u>1,245,812</u>
Total Component Unit School Board			\$ <u>2,006,741</u>
Total Expenditures of Federal Awards			\$ <u><u>3,358,264</u></u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF GREENE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Greene, Virginia under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Greene, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Greene, Virginia.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 3 - Food Donation

Nonmonetary assistance in the amount of \$79,383 is reported in the Schedule at the fair market value of the commodities received and disbursed.

Note 4 - De Minimis Cost Rate

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

Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	1,396,450
Less Payment in lieu of taxes		<u>(44,927)</u>
Total primary government	\$	<u>1,351,523</u>

Component Unit School Board:

School Operating Fund	\$	2,128,848
Less BAB subsidy		<u>(122,107)</u>
Total component unit school board	\$	<u>2,006,741</u>

Total federal expenditures per basic financial statements	\$	<u>3,358,264</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>3,358,264</u></u>
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COUNTY OF GREENE, VIRGINIA

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2017

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? No
Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? No
Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

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

Section IV - Prior Year Audit Findings

There were no items reported in the prior year.