

COUNTY OF
GREENE, VIRGINIA



FINANCIAL REPORT
YEAR ENDED JUNE 30, 2016

County of Greene, Virginia

Financial Report

For the Year Ended June 30, 2016

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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

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, 2016, 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, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2016, the County adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, and 82 Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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.

Other Information (continued)

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 January 3, 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

January 3, 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, 2016.

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 \$21,766,119 (net position).
- Our combined long-term obligations decreased \$2,911,561 during the current fiscal year.

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures in excess of revenues of \$73,207 (Exhibit 4), which includes contributions totaling \$12,680,491 to the School Board.

- As of the close of the current fiscal year, the County's funds reported ending fund balances of \$14,484,894, an increase of \$73,207 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 \$21,766,119 at the close of the most recent fiscal year.

County of Greene, Virginia's Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 28,985,092	\$ 28,193,214
Capital assets	<u>46,309,109</u>	<u>48,465,833</u>
Total assets	<u>\$ 75,294,201</u>	<u>\$ 76,659,047</u>
Deferred outflows of resources	<u>\$ 1,452,587</u>	<u>\$ 1,530,833</u>
Long-term liabilities outstanding	\$ 36,699,356	\$ 39,494,069
Current liabilities	<u>6,664,015</u>	<u>6,509,405</u>
Total liabilities	<u>\$ 43,363,371</u>	<u>\$ 46,003,474</u>
Deferred inflows of resources	<u>\$ 11,617,298</u>	<u>\$ 11,697,070</u>
Net position:		
Net investment in capital assets	\$ 11,325,233	\$ 11,665,597
Unrestricted	<u>10,440,886</u>	<u>8,823,739</u>
Total net position	<u><u>\$ 21,766,119</u></u>	<u><u>\$ 20,489,336</u></u>

At the end of the current fiscal year, the County's net investment in capital assets is \$11,325,233.

The County's net position increased \$1,276,783 during the current fiscal year.

Government-wide Financial Analysis (Continued)

Governmental Activities - Governmental activities increased the County's net position by \$1,276,783. Key elements of this increase are as follows:

County of Greene, Virginia's Changes in Net Position
For the Years Ended June 30, 2016 and 2015

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 3,251,514	\$ 3,119,888
Operating grants and contributions	4,442,405	4,387,697
Capital grants and contributions	-	-
General revenues:		
General property taxes	18,738,446	17,849,568
Other local taxes	4,612,880	4,226,641
Commonwealth of Virginia non-categorical aid	2,873,049	2,837,638
Other general revenues	270,776	176,785
Total revenues	<u>\$ 34,189,070</u>	<u>\$ 32,598,217</u>
Expenses:		
General government administration	\$ 3,044,641	\$ 3,073,055
Judicial administration	806,765	802,988
Public safety	6,945,379	7,053,193
Public works	1,659,669	1,823,774
Health and welfare	3,889,018	3,389,971
Education	12,321,340	12,645,242
Parks, recreation, and cultural	632,059	613,315
Community development	2,203,322	2,081,033
Interest and other fiscal charges	1,410,094	1,976,446
Total expenses	<u>\$ 32,912,287</u>	<u>\$ 33,459,017</u>
Change in net position	\$ 1,276,783	\$ (860,800)
Net position, July 1, 2015	<u>20,489,336</u>	<u>21,350,136</u>
Net position, June 30, 2016	<u><u>\$ 21,766,119</u></u>	<u><u>\$ 20,489,336</u></u>

Government-wide Financial Analysis (Continued)

Other local taxes increased by \$386,239 during the year, due to an increase in local sales and use tax. General property taxes increased \$888,878 due to an increase in the real estate tax rate. All other revenues increased by a net of \$315,736. The County's contribution to the School Board totaled \$12,316,415 for the year compared to \$12,640,480 in the prior year, a decrease of \$324,065.

For the most part, expenditures closely paralleled inflation and growth in the demand for services. Health and welfare expenses increased \$499,047 due to rising Comprehensive Services Act costs. All other expenses had a net decrease of \$1,045,777.

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 \$14,484,894, an increase of \$73,207 in comparison with the prior year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were \$1,511,162 and can be briefly summarized as follows:

- \$456,993 in increases for public safety
- \$298,386 in increases for community development
- \$618,688 in increased for capital projects
- \$137,095 in other increases

Budgeted revenues of the general fund increased \$488,818, including increases of \$315,458 for intergovernmental revenues and \$173,360 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, 2016 totals \$46,309,109 (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 \$40,037,471. Of this amount \$37,834,791 comprises debt backed by the full faith and credit of the County. The County's total obligations decreased \$2,911,561 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 3.2 percent, which is lower than the rate of 4.3 percent a year ago. This compares favorably to the state's average unemployment rate of 4.0 percent and compares favorably to the national average rate of 4.9 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 2017 fiscal year.

The fiscal year 2017 budget increased from \$56,297,492 to \$58,230,696, or \$1,933,204 (3.43%).

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, 2016

	Primary Government		
	Governmental Activities	School Board	Greene County EDA
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 14,667,962	\$ 197,863	\$ 268,949
Receivables (net of allowance for uncollectibles):			
Property taxes	11,192,832	-	-
Accounts receivable	239,526	-	-
Note receivable	-	-	90,000
Due from other governments	2,872,808	741,045	8,420
Due from primary government	-	2,190,239	28,180
Prepaid items	-	159,308	-
Restricted assets:			
Cash and cash equivalents	11,964	-	-
Total current assets	\$ 28,985,092	\$ 3,288,455	\$ 395,549
Noncurrent assets:			
Capital assets:			
Land	\$ 4,069,142	\$ 127,800	\$ -
Infrastructure, net of depreciation	25,703,001	-	-
Buildings and improvements, net of depreciation	15,787,879	9,743,394	-
Equipment, net of depreciation	749,087	1,946,422	-
Total noncurrent assets	\$ 46,309,109	\$ 11,817,616	\$ -
Total assets	\$ 75,294,201	\$ 15,106,071	\$ 395,549
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	\$ 922,378	\$ -	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,177,000	-
Pension contributions subsequent to measurement date	530,209	2,488,091	-
Total deferred outflows of resources	\$ 1,452,587	\$ 3,665,091	\$ -
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 589,803	\$ 425,493	\$ 2,726
Accrued liabilities	-	2,665,097	-
Due to component unit	2,218,419	-	-
Accrued interest payable	517,678	3,911	-
Current portion of long-term obligations	3,338,115	405,987	-
Total current liabilities	\$ 6,664,015	\$ 3,500,488	\$ 2,726
Noncurrent liabilities:			
Noncurrent portion of long-term obligations	36,699,356	28,673,080	-
Total liabilities	\$ 43,363,371	\$ 32,173,568	\$ 2,726
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax revenue	\$ 11,128,095	\$ -	\$ -
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	500,000	-
Items related to measurement of net pension liability	489,203	2,312,566	-
Total deferred inflows of resources	\$ 11,617,298	\$ 2,812,566	\$ -
NET POSITION			
Net Investment in capital assets	\$ 11,325,233	\$ 11,192,990	\$ -
Unrestricted	10,440,886	(27,407,962)	392,823
Total net position	\$ 21,766,119	\$ (16,214,972)	\$ 392,823

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

Statement of Activities
For the Year Ended June 30, 2016

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	\$ 3,044,641	\$ 535,505	\$ 203,252	\$ -	\$ (2,305,884)	\$ -	\$ -
Judicial administration	806,765	218,604	400,692	-	(187,469)	-	-
Public safety	6,945,379	343,307	1,031,358	-	(5,570,714)	-	-
Public works	1,659,669	1,086,413	4,428	-	(568,828)	-	-
Health and welfare	3,889,018	-	2,108,695	-	(1,780,323)	-	-
Education	12,321,340	102,939	-	-	(12,218,401)	-	-
Parks, recreation, and cultural	632,059	49,191	-	-	(582,868)	-	-
Community development	2,203,322	915,555	693,980	-	(593,787)	-	-
Interest on long-term obligations	1,410,094	-	-	-	(1,410,094)	-	-
Total governmental activities	<u>\$ 32,912,287</u>	<u>\$ 3,251,514</u>	<u>\$ 4,442,405</u>	<u>\$ -</u>	<u>\$ (25,218,368)</u>	<u>\$ -</u>	<u>\$ -</u>
COMPONENT UNITS:							
School Board	\$ 32,512,104	\$ 624,897	\$ 20,466,011	\$ -	\$ -	\$ (11,421,196)	\$ -
Greene County EDA	111,917	-	-	-	-	-	(111,917)
Total component units	<u>\$ 32,624,021</u>	<u>\$ 624,897</u>	<u>\$ 20,466,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,421,196)</u>	<u>\$ (111,917)</u>
General revenues:							
General property taxes				\$ 18,738,446	\$ -	\$ -	\$ -
Local sales and use tax				1,904,511	-	-	-
Business license taxes				663,239	-	-	-
Consumer utility taxes				408,435	-	-	-
E-911 telephone taxes				-	-	-	-
Motor vehicle licenses				442,540	-	-	-
Meals taxes				705,993	-	-	-
Taxes on recordation and wills				241,702	-	-	-
Other local taxes				246,460	-	-	-
Grants and contributions not restricted to specific programs				2,873,049	-	-	-
Unrestricted revenues from use of money and property				46,928	81,506	4,674	
Miscellaneous				223,848	176,166	4,782	
Payment from primary government				-	12,348,604	104,788	
Total general revenues				<u>\$ 26,495,151</u>	<u>\$ 12,606,276</u>	<u>\$ 114,244</u>	
Change in net position				\$ 1,276,783	\$ 1,185,080	\$ 2,327	
Net position - beginning				20,489,336	(17,400,052)	390,496	
Net position - ending				<u>\$ 21,766,119</u>	<u>\$ (16,214,972)</u>	<u>\$ 392,823</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, 2016

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
ASSETS				
Cash and cash equivalents	\$ 14,120,365	\$ 547,597	\$ -	\$ 14,667,962
Receivables (net of allowance for uncollectibles):				
Property taxes	11,192,832	-	-	11,192,832
Accounts receivable	239,526	-	-	239,526
Due from other governmental units	2,872,808	-	-	2,872,808
Restricted assets:				
Cash and cash equivalents	-	-	11,964	11,964
Total assets	<u>\$ 28,425,531</u>	<u>\$ 547,597</u>	<u>\$ 11,964</u>	<u>\$ 28,985,092</u>
LIABILITIES				
Accounts payable	\$ 589,804	\$ -	\$ -	\$ 589,804
Due to component unit	2,218,419	-	-	2,218,419
Total liabilities	<u>\$ 2,808,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,808,223</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenue	\$ 11,691,975	\$ -	\$ -	\$ 11,691,975
FUND BALANCES				
Committed:				
Debt service	\$ -	\$ 547,597	\$ -	\$ 547,597
Capital projects - school facilities upgrades	-	-	11,964	11,964
Unassigned	13,925,333	-	-	13,925,333
Total fund balances	<u>\$ 13,925,333</u>	<u>\$ 547,597</u>	<u>\$ 11,964</u>	<u>\$ 14,484,894</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,425,531</u>	<u>\$ 547,597</u>	<u>\$ 11,964</u>	<u>\$ 28,985,092</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:				
Total fund balances per above				\$ 14,484,894
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			25,703,001	
Infrastructure			15,787,879	
Equipment			749,087	46,309,109
Interest on long-term obligations is not accrued in governmental funds, but rather is recognized as an expenditure when due.				
				(517,678)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.				
Unavailable property taxes			\$ 563,881	
Items related to measurement of net pension liability			(489,203)	74,678
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.				
				530,209
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.				
Capital leases			\$ (468,763)	
Landfill closure and postclosure liability			(470,134)	
Compensated absences			(738,076)	
General obligation bonds			(7,693,963)	
Premiums on bonds			(1,648,148)	
State literary fund loans			(6,150,000)	
Revenue bonds			(16,420,000)	
Deferred amount on refunding			922,378	
Notes payable			(1,693,825)	
Net OPEB obligation			(45,376)	
Net pension liability			(1,117,046)	
Water and sewer bonds (assumed from RSA)			(3,592,140)	(39,115,093)
Net position of General Government Activities				<u>\$ 21,766,119</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, 2016

	General Fund	Debt Service Fund	School Capital Projects Fund	Total
Revenues:				
General property taxes	\$ 18,757,879	\$ -	\$ -	\$ 18,757,879
Other local taxes	4,612,880	-	-	4,612,880
Permits, privilege fees and regulatory licenses	252,716	-	-	252,716
Fines and forfeitures	155,638	-	-	155,638
Revenue from use of money and property	46,928	-	-	46,928
Charges for services	2,055,548	787,609	-	2,843,157
Miscellaneous	223,848	-	-	223,848
Recovered costs	211,823	-	-	211,823
Intergovernmental:				
Commonwealth	5,922,846	-	-	5,922,846
Federal	1,392,609	-	-	1,392,609
Total revenues	<u>\$ 33,632,715</u>	<u>\$ 787,609</u>	<u>\$ -</u>	<u>\$ 34,420,324</u>
Expenditures:				
Current:				
General government administration	\$ 2,316,270	\$ -	\$ -	\$ 2,316,270
Judicial administration	816,009	-	-	816,009
Public safety	6,696,201	-	-	6,696,201
Public works	1,538,917	-	-	1,538,917
Health and welfare	3,940,049	-	-	3,940,049
Education	12,685,416	-	-	12,685,416
Parks, recreation, and cultural	554,630	-	-	554,630
Community development	2,167,341	-	-	2,167,341
Nondepartmental	198,752	-	-	198,752
Capital outlays and projects	575,212	-	-	575,212
Debt service:				
Principal retirement	915,598	1,238,652	-	2,154,250
Interest and other fiscal charges	64,876	941,084	-	1,005,960
Total expenditures	<u>\$ 32,469,271</u>	<u>\$ 2,179,736</u>	<u>\$ -</u>	<u>\$ 34,649,007</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,163,444</u>	<u>\$ (1,392,127)</u>	<u>\$ -</u>	<u>\$ (228,683)</u>
Other financing sources (uses):				
Issuance of capital leases	\$ 301,890	\$ -	\$ -	\$ 301,890
Transfers out	(1,739,736)	-	-	(1,739,736)
Transfers in	-	1,739,736	-	1,739,736
Total other financing sources (uses)	<u>\$ (1,437,846)</u>	<u>\$ 1,739,736</u>	<u>\$ -</u>	<u>\$ 301,890</u>
Change in fund balance	<u>\$ (274,402)</u>	<u>\$ 347,609</u>	<u>\$ -</u>	<u>\$ 73,207</u>
Fund balance at beginning of year	<u>14,199,735</u>	<u>199,988</u>	<u>11,964</u>	<u>14,411,687</u>
Fund balance at end of year	<u>\$ 13,925,333</u>	<u>\$ 547,597</u>	<u>\$ 11,964</u>	<u>\$ 14,484,894</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, 2016

	<u>Primary Government Governmental Funds</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balance - total governmental funds	\$ 73,207

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	\$ 295,680	
Depreciation expense	<u>(1,526,575)</u>	(1,230,895)
Transfer of joint tenancy assets from Primary Government to the Component Unit		(925,829)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	\$ (19,427)	
Change in deferred inflows of resources related to the measurement of the net pension liability	<u>498,066</u>	478,639

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	\$ 194,607	
Principal retired on general obligation bonds	807,011	
Principal retired on revenue bonds and premiums	1,111,054	
Principal retired on water and sewer bonds (assumed from RSA)	358,652	
Principal retired on notes payable	227,907	
Principal retired on state literary fund loans	700,000	
Increase of landfill closure and postclosure liability	(4,193)	
Issuance of long-term obligations	<u>(301,890)</u>	3,093,148

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	\$ (19,609)	
Change in accrued interest payable	48,346	
(Increase) in deferred amount on refunding	(87,305)	
(Increase) of net pension liability	(156,042)	
Increase (decrease) in deferred outflows of resources related to pension contributions subsequent to measurement date	9,059	
(Increase) of net OPEB obligation	<u>(5,936)</u>	(211,487)
Change in net position of governmental activities	\$	<u><u>1,276,783</u></u>

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

Statement of Fiduciary Net Position - Fiduciary Funds
 June 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>45,507</u>
LIABILITIES	
Amounts held for social services clients	\$ <u>45,507</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, 2016

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, 2016.

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, 2016.

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, 2016, 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.

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 \$54,615 at June 30, 2016 and is comprised solely of property taxes.

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, and the County reports 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 these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The 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 these items, 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, 2016 (Continued)

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

R. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the County to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 72.

Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*

The County implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. There was no material impact on the County's financial statement as a result of the implementation of Statement No. 79. All required disclosures are located in Note 2.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

The County early implemented provisions of the above Statement during the fiscal year ended June 30, 2016. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. No restatement was required as a result of this implementation.

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.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (Continued)

Note 2—Deposits and Investments: (Continued)

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, 2016 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)	\$ 13,201
Total	\$ 13,201

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)	\$ 13,201	\$ 13,201
Total investments	\$ 13,201	\$ 13,201

*Weighted average maturity in years

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.

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (Continued)

Note 3—Due From Other Governmental Units:

At June 30, 2016 the County has receivables from other governments as follows:

	Primary Government	Component Unit
Commonwealth of Virginia:		
Local and state sales taxes	\$ 342,665	\$ 602,049
Communication tax	77,869	-
Public assistance	40,995	-
Comprehensive services	587,014	-
Personal property tax relief act (PPTRA)	1,352,596	-
Shared expenses	114,134	-
Other state funding	80,479	-
Federal Government:		
School funds	-	138,996
Section 18 transportation	159,805	-
Public safety grants	31,583	-
Public assistance	85,668	-
Total	<u>\$ 2,872,808</u>	<u>\$ 741,045</u>

Note 4—Capital Assets:

The following is a summary of changes in primary government capital assets for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Primary Government				
Capital assets not being depreciated:				
Land	\$ 4,069,142	\$ -	\$ -	\$ 4,069,142
Total capital assets not being depreciated	<u>\$ 4,069,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,069,142</u>
Other capital assets being depreciated:				
Buildings and improvements	\$ 23,810,950	\$ -	\$ 1,278,268	\$ 22,532,682
Infrastructure	27,741,216	-	-	27,741,216
Equipment	5,755,226	295,680	296,658	5,754,248
Total other capital assets being depreciated	<u>\$ 57,307,392</u>	<u>\$ 295,680</u>	<u>\$ 1,574,926</u>	<u>\$ 56,028,146</u>
Accumulated depreciation:				
Buildings and improvements	\$ 6,502,583	\$ 594,659	\$ 352,439	\$ 6,744,803
Infrastructure	1,483,391	554,824	-	2,038,215
Equipment	4,924,727	377,092	296,658	5,005,161
Total accumulated depreciation	<u>\$ 12,910,701</u>	<u>\$ 1,526,575</u>	<u>\$ 649,097</u>	<u>\$ 13,788,179</u>
Other capital assets, net	<u>\$ 44,396,691</u>	<u>\$ (1,230,895)</u>	<u>\$ 925,829</u>	<u>\$ 42,239,967</u>
Net capital assets	<u>\$ 48,465,833</u>	<u>\$ (1,230,895)</u>	<u>\$ 925,829</u>	<u>\$ 46,309,109</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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, 2016:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</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	\$ 22,692,409	\$ 1,278,268	\$ -	\$ 23,970,677
Equipment	5,211,397	202,400	-	5,413,797
Total other capital assets being depreciated	<u>\$ 27,903,806</u>	<u>\$ 1,480,668</u>	<u>\$ -</u>	<u>\$ 29,384,474</u>
Accumulated depreciation:				
Buildings and improvements	\$ 13,319,297	\$ 907,986	\$ -	\$ 14,227,283
Equipment	3,165,021	302,354	-	3,467,375
Total accumulated depreciation	<u>\$ 16,484,318</u>	<u>\$ 1,210,340</u>	<u>\$ -</u>	<u>\$ 17,694,658</u>
Other capital assets, net	<u>\$ 11,419,488</u>	<u>\$ 270,328</u>	<u>\$ -</u>	<u>\$ 11,689,816</u>
Net capital assets	<u><u>\$ 11,547,288</u></u>	<u><u>\$ 270,328</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 11,817,616</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	\$ 653,512
Judicial administration	68,027
Public safety	253,235
Public works	50,848
Health and welfare	5,631
Education	320,250
Parks, recreation and cultural	76,277
Community development	98,795
Total governmental activities	<u><u>\$ 1,526,575</u></u>
Component Unit School Board (1)	<u><u>\$ 857,901</u></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, 2016 (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, 2016:

	Balance at July 1, 2015	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2016	Due Within One Year
Governmental Activities Long-Term Obligations					
Capital leases	\$ 361,480	\$ 301,890	\$ 194,607	\$ 468,763	\$ 204,984
Landfill closure and postclosure liability	465,941	4,193	-	470,134	-
Compensated absences	718,467	19,609	-	738,076	73,808
General obligation bonds	8,500,974	-	807,011	7,693,963	679,270
Premiums on bonds	1,879,202	-	231,054	1,648,148	225,778
State literary fund loans	6,850,000	-	700,000	6,150,000	700,000
Revenue bonds	17,300,000	-	880,000	16,420,000	920,000
Notes payable	1,921,732	-	227,907	1,693,825	198,207
Net OPEB obligation	39,440	9,636	3,700	45,376	-
Net pension liability	961,004	1,780,602	1,624,560	1,117,046	-
Water & Sewer bonds (assumed from RSA)	3,950,792	-	358,652	3,592,140	336,068
Total	<u>\$ 42,949,032</u>	<u>\$ 2,115,930</u>	<u>\$ 5,027,491</u>	<u>\$ 40,037,471</u>	<u>\$ 3,338,115</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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
	2017	\$ 91,500	\$ 8,220	\$ 920,000	\$ 726,850	\$ 700,000	\$ 184,500	\$ 85,000
2018	94,600	5,010	950,000	685,282	700,000	163,500	85,000	2,221
2019	97,900	1,686	995,000	641,840	700,000	142,500	-	-
2020	-	-	1,035,000	597,498	450,000	121,500	-	-
2021	-	-	1,085,000	548,547	450,000	98,000	-	-
2022	-	-	1,140,000	494,281	450,000	94,500	-	-
2023	-	-	1,190,000	434,575	450,000	81,000	-	-
2024	-	-	1,255,000	371,922	450,000	67,500	-	-
2025	-	-	1,330,000	288,994	450,000	54,000	-	-
2026	-	-	1,400,000	240,922	450,000	40,500	-	-
2027	-	-	415,000	195,538	450,000	27,000	-	-
2028	-	-	440,000	177,804	450,000	13,500	-	-
2029	-	-	450,000	160,081	-	-	-	-
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	\$ 284,000	\$ 14,916	\$ 16,420,000	\$ 6,092,403	\$ 6,150,000	\$ 1,088,000	\$ 170,000	\$ 8,883

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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
2017	\$ 204,984	\$ 8,057	\$ 502,770	\$ 371,299
2018	144,234	5,529	510,304	353,802
2019	90,977	2,557	362,948	343,961
2020	28,569	1,583	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>468,764</u>	\$ <u>17,726</u>	\$ <u>7,239,963</u>	\$ <u>4,097,684</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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
2017	\$ 198,207	\$ 17,826	\$ 336,068	\$ 159,899
2018	129,272	14,365	387,901	142,328
2019	130,571	13,066	369,983	123,535
2020	131,883	11,754	268,316	107,862
2021	133,208	10,429	276,648	94,723
2022	134,546	9,091	289,981	82,313
2023	135,897	7,740	303,313	70,330
2024	137,263	6,374	316,646	56,449
2025	138,642	4,996	331,645	40,828
2026	140,034	3,603	341,639	24,506
2027	141,441	2,196	120,000	13,606
2028	142,862	775	125,000	8,274
2029	-	-	125,000	2,759
Total	\$ 1,693,825	\$ 102,215	\$ 3,592,140	\$ 927,412

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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%	\$ 170,000	\$ 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%	284,000	91,500
\$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%	4,645,000	135,000
Premium on 2011A VPSA bonds	138,647	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%	579,963	57,770
\$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%	1,705,000	155,000
\$3,170,000 bonds issued May 1, 1997 maturing in various annual installments through January 15, 2018, interest at 5.61%	<u>310,000</u>	<u>155,000</u>
Total General Obligation Bonds	<u>\$ 7,832,610</u>	<u>\$ 686,202</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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%	\$ 8,110,000	\$ 655,000
Premium on Series 2011B VRA Bond	778,210	133,872
\$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%	3,395,000	200,000
\$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%	1,120,000	65,000
Premiums on 2014 VRA revenue bonds	212,147	14,074
\$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	-

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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)		
 \$945,0000 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	\$ -
 Premium on 2012 VRA revenue bonds	<u>519,144</u>	<u>70,900</u>
 Total Revenue Bonds	<u>\$ 17,929,501</u>	<u>\$ 1,138,846</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%	\$ 5,400,000	\$ 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>750,000</u>	<u>250,000</u>
 Total State Literary Fund loans	<u>\$ 6,150,000</u>	<u>\$ 700,000</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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.	\$ 289,500	\$ 82,500
\$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.	1,310,000	75,000
\$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.	1,913,140	153,318
\$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>79,500</u>	<u>25,250</u>
Total Water & Sewer Bonds (assumed from RSA)	<u>\$ 3,592,140</u>	<u>\$ 336,068</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%	\$ 1,623,605	\$ 127,987
\$600,000 note payable issued April 5, 2007, total payments of \$36,783 due semi-annually through April 5, 2017, interest at 4.05%	<u>70,220</u>	<u>70,220</u>
Total Notes Payable	<u>\$ 1,693,825</u>	<u>\$ 198,207</u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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 \$24,800 at June 30, 2016.	\$ 118,906	\$ 29,214
 \$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 \$109,530 at June 30, 2016.	109,813	54,471
 \$183,160 (\$581,450 total lease - 68.5% County and 31.5% School Board) Capital lease obligation dated August 23, 2013 for the lease/purchase of vehicles and buses, payable in annual installments of \$63,276 through August 2016, interest at 1.81%. The cost of the County vehicles/buses is \$183,160 and accumulated depreciation amounted to \$147,242 at June 30, 2016.	62,154	62,154
 \$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 \$54,053 at June 30, 2016.	<u>177,890</u>	<u>59,145</u>
Total Capital Leases	<u>\$ 468,763</u>	<u>\$ 204,984</u>
Landfill closure and postclosure liability	<u>\$ 470,134</u>	<u>\$ -</u>
Net pension liability	<u>\$ 1,117,046</u>	<u>\$ -</u>
Net OPEB obligation	<u>\$ 45,376</u>	<u>\$ -</u>
Compensated absences	<u>\$ 738,076</u>	<u>\$ 73,808</u>
Total governmental activities long-term obligations	<u><u>\$ 40,037,471</u></u>	<u><u>\$ 3,338,115</u></u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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
2017	365,386	6,262
2018	159,333	3,200
2019	99,907	1,127
Totals	\$ 624,626	\$ 10,589

The following is a summary of long-term obligation transactions of the Component Unit-School Board for the year ended June 30, 2016:

	Balance at July 1, 2015	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2016	Due Within One Year
Capital Leases	\$ 891,176	\$ 167,952	\$ 434,502	\$ 624,626	\$ 365,386
Compensated absences	402,619	3,386	-	406,005	40,601
Net pension liability	24,921,469	8,313,322	5,987,443	27,247,348	-
Net OPEB obligation	700,151	215,037	114,100	801,088	-
Total long-term obligations	\$ 26,915,415	\$ 8,699,697	\$ 6,536,045	\$ 29,079,067	\$ 405,987

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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:		
\$398,290 (\$581,450 total lease - 68.5% County and 31.5% School Board) Capital lease obligation dated August 23, 2013 for the lease purchase of buses, payable in annual installments of \$137,599 through August 2016, interest at 1.81%. The cost of the buses is \$398,290 and accumulated depreciation amounted to \$99,422 at June 30, 2016.	\$ 135,150	\$ 135,150
\$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 \$29,950 at June 30, 2016.	120,109	59,578
\$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 \$216,493 and accumulated depreciation amounted to \$43,299 at June 30, 2016.	129,896	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 \$13,996 at June 30, 2016.	167,952	55,841
\$214,557 capital lease obligation dated June 25, 2014 for the lease purchase of telephone equipment, payable in annual installments of \$71,519 through June 2017, interest at 0%. The cost of the system is \$214,557 and accumulated depreciation amounted to \$42,911 at June 30, 2016.	\$ 71,519	\$ 71,519
Total capital leases	\$ 624,626	\$ 365,386
Compensated absences	\$ 406,005	\$ 40,601
Net pension liability	\$ 27,247,348	\$ -
Net OPEB obligation	\$ 801,088	\$ -
Total Long-Term Obligations Component-Unit School Board	\$ 29,079,067	\$ 405,987

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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, 2016, 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>
Fidelity and Deposit Company of Maryland - 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
American and Foreign Insurance Company - Surety	
All School Board Employees	5,000
The Continental Insurance Company	
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, 2016 (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 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, 2016 (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 will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</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 will be paying the full 5% by 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, 2016 (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>

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, 2016 (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, 2016 (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 <u>Defined Benefit Component:</u> 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 <u>Defined Benefit Component:</u> 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, 2016 (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, 2016 (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, 2016 (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, 2016 (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>

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-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, 2016 (Continued)

Note 10—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2014 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	60	46
Inactive members:		
Vested inactive members	17	13
Non-vested inactive members	30	31
Inactive members active elsewhere in VRS	38	15
Total inactive members	85	59
Active members	110	98
Total covered employees	255	203

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, 2016 was 10.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$530,209 and \$534,179 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 9.74% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

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 \$170,446 and \$180,867 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2015. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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, 2014, 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, 2015.

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, 2016 (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, 2014 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, 2014, 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, 2015.

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, 2016 (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, 2014 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, 2016 (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, 2016 (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, 2014	\$ 17,146,850	\$ 16,185,846	\$ 961,004
Changes for the year:			
Service cost	\$ 594,337	\$ -	\$ 594,337
Interest	1,176,121	-	1,176,121
Differences between expected and actual experience	(80,467)	-	(80,467)
Contributions - employer	-	534,179	(534,179)
Contributions - employee	-	262,135	(262,135)
Net investment income	-	747,779	(747,779)
Benefit payments, including refunds of employee contributions	(690,252)	(690,252)	-
Administrative expenses	-	(9,986)	9,986
Other changes	-	(158)	158
Net changes	\$ 999,739	\$ 843,697	\$ 156,042
Balances at June 30, 2015	\$ 18,146,589	\$ 17,029,543	\$ 1,117,046

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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, 2014	\$ 7,715,081	\$ 7,456,612	\$ 258,469
Changes for the year:			
Service cost	\$ 207,351	\$ -	\$ 207,351
Interest	529,260	-	529,260
Differences between expected and actual experience	(130,804)	-	(130,804)
Contributions - employer	-	180,867	(180,867)
Contributions - employee	-	92,428	(92,428)
Net investment income	-	341,344	(341,344)
Benefit payments, including refunds of employee contributions	(308,451)	(308,451)	-
Administrative expenses	-	(4,638)	4,638
Other changes	-	(73)	73
Net changes	<u>\$ 297,356</u>	<u>\$ 301,477</u>	<u>\$ (4,121)</u>
Balances at June 30, 2015	<u>\$ 8,012,437</u>	<u>\$ 7,758,089</u>	<u>\$ 254,348</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		
	(6.00%)	(7.00%)	(8.00%)
County of Greene			
Net Pension Liability (Asset)	\$ 3,471,705	\$ 1,117,046	\$ (832,805)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ 1,187,857	\$ 254,348	\$ (533,779)

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$192,155 and \$10,295, respectively. At June 30, 2016, 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	\$ -	\$ 59,621	\$ -	\$ 90,432
Net difference between projected and actual earnings on pension plan investments	-	429,582	-	197,134
Employer contributions subsequent to the measurement date	530,209	-	170,446	-
Total	\$ 530,209	\$ 489,203	\$ 170,446	\$ 287,566

\$530,209 and \$170,446 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, 2017. 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)
2017	\$ (189,946)	\$ (118,031)
2018	(189,946)	(118,031)
2019	(187,030)	(87,348)
2020	77,719	35,844
Thereafter	-	-

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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 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.

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2014. The actuarial rate for the Teacher Retirement Plan was 18.20%. 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. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$2,317,645 and \$2,294,610 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the school division reported a liability of \$26,993,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 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, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the school division's proportion was .21446% as compared to .20408% at June 30, 2014.

For the year ended June 30, 2016, the school division recognized pension expense of \$2,094,000. Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, 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, 2016 (Continued)

Note 10—Pension Plan: (Continued)

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

At June 30, 2016, 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	\$ -	\$ 372,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,177,000	500,000
Net difference between projected and actual earnings on pension plan investments	-	1,653,000
Employer contributions subsequent to the measurement date	<u>2,317,645</u>	<u>-</u>
Total	<u>\$ 3,494,645</u>	<u>\$ 2,525,000</u>

\$2,317,645 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, 2017. 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>	
2017	\$ (615,000)
2018	(615,000)
2019	(615,000)
2020	411,000
2021	86,000

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (Continued)

Note 10—Pension Plan: (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

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*

* 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, 2014 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

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (Continued)

Note 10—Pension Plan: (Continued)

Component Unit School Board (professional) (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
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	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

* 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, 2016 (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		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 39,501,000	\$ 26,993,000	\$ 16,696,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-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, 2016 (Continued)

Note 11—Interfund Balances and Transfers:

Interfund transfers for the year ended June 30, 2016 consisted of the following:

Fund	Transfers In	Transfers Out
County:		
General fund	\$ -	\$ 1,739,736
Debt Service fund	1,739,736	-
Total County	\$ 1,739,736	\$ 1,739,736
Component Unit School Board:		
School Operating Fund	\$ -	\$ 763,933
School Cafeteria Fund	763,933	-
Total Component Unit School Board	\$ 763,933	\$ 763,933

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, 2016.

	Government- wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Primary Government:		
General Fund:		
Unavailable property tax revenue:		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 563,880
2nd half assessments due in December 2016	10,058,485	10,058,485
Prepaid property taxes due in December 2016, but paid in advance by the taxpayers	1,069,610	1,069,610
Total deferred/unavailable revenue	\$ 11,128,095	\$ 11,691,975

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (Continued)

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Primary Government - General Fund	\$ -	\$ 2,218,419
Component Unit - Economic Development Authority	28,180	-
Component Unit - School Board	2,190,239	-
Total	<u>\$ 2,218,419</u>	<u>\$ 2,218,419</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 \$470,134 reported as landfill closure and post closure liability at June 30, 2016, represents \$430,134 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, 2016 (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	\$	10,400
Interest on net OPEB obligation		1,380
Adjustment to annual required contribution		(2,144)
Annual OPEB cost (expense)	\$	<u>9,636</u>
Contributions made		(3,700)
Increase in net OPEB obligation	\$	<u>5,936</u>
Net OPEB obligation - beginning of year		39,440
Net OPEB obligation - end of year	\$	<u><u>45,376</u></u>

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (Continued)

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

County: (Continued)

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

For 2016, the County’s expected cash payment of \$3,700 was \$5,936 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 2016 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 8,551	42.10%	\$ 33,285
June 30, 2015	8,855	30.49%	39,440
June 30, 2016	9,636	38.40%	45,376

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 6.90 percent graded to 4.10 percent over 62 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	6.90% graded to 4.10% over 62 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, 2016 (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	\$	228,600
Interest on net OPEB obligation		24,505
Adjustment to annual required contribution		(38,068)
Annual OPEB cost (expense)	\$	215,037
Contributions made		(114,100)
Increase in net OPEB obligation	\$	100,937
Net OPEB obligation - beginning of year		700,151
Net OPEB obligation - end of year	\$	801,088

For 2016, the School Board’s expected cash payment of \$114,100 was \$100,937 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 2016 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, 2014	\$ 208,814	68.39%	\$ 597,016
June 30, 2015	213,935	51.79%	700,151
June 30, 2016	215,037	53.06%	801,088

COUNTY OF GREENE, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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 7.00 percent graded to 4.10 percent over 74 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, 2016 (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	7.00% graded to 4.10% over 74 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, 2016 (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 2016 was .18% 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 2016, the County's contribution of \$3,449 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 2016, 2015 and 2014 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, 2014	\$ 1,536	100%	-
June 30, 2015	3,538	100%	-
June 30, 2016	3,449	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, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$	105,244
Actuarial value of plan assets		82,290
Unfunded actuarial accrued liability		22,954
Funded ratio (actuarial value of plan assets/AAL)		78.19%
Covered payroll (active plan members)		1,993,251
UAAL as a percentage of covered payroll		1.15%

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, 2015 was 19-28 years.

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

Note 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 1.06% of annual covered payroll. The School Board's contributions to VRS for the year ended June 30, 2016 and 2015 was \$176,462 and \$169,015, respectively and equaled the required contribution for the year.

Note 17—Upcoming Pronouncements:

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

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

Note 17—Upcoming Pronouncements: (Continued)

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

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

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

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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, 2016

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 17,662,292	\$ 17,662,292	\$ 18,757,879	\$ 1,095,587
Other local taxes	4,208,500	4,208,500	4,612,880	404,380
Permits, privilege fees and regulatory licenses	230,300	230,300	252,716	22,416
Fines and forfeitures	170,700	170,700	155,638	(15,062)
Revenue from use of money and property	47,807	47,807	46,928	(879)
Charges for services	3,550,463	3,580,603	2,055,548	(1,525,055)
Miscellaneous	605	143,524	223,848	80,324
Recovered costs	128,543	128,844	211,823	82,979
Intergovernmental:				
Commonwealth	6,152,134	6,398,030	5,922,846	(475,184)
Federal	1,153,170	1,222,732	1,392,609	169,877
Total revenues	\$ 33,304,514	\$ 33,793,332	\$ 33,632,715	\$ (160,617)
Expenditures:				
General government administration:				
Legislative:				
Board of supervisors	\$ 120,736	\$ 120,736	\$ 112,815	\$ 7,921
General and financial administration:				
County administrator	\$ 499,989	\$ 499,989	\$ 493,460	\$ 6,529
Legal services	59,763	59,763	59,435	328
Independent auditor	45,500	49,300	49,300	-
Commissioner of the Revenue	226,392	226,392	220,948	5,444
Reassessment	11,650	11,650	7,178	4,472
Treasurer	304,162	334,302	319,719	14,583
Computer technology	138,950	138,950	67,970	70,980
Vehicle maintenance facility	1,308,638	1,308,638	785,327	523,311
Total general and financial administration	\$ 2,595,044	\$ 2,628,984	\$ 2,003,337	\$ 625,647
Board of Elections:				
Electoral board and officials	\$ 219,220	\$ 219,220	\$ 200,118	\$ 19,102
Total general government administration	\$ 2,935,000	\$ 2,968,940	\$ 2,316,270	\$ 652,670

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2016 (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	\$ 67,169	\$ 69,509	\$ 67,931	\$ 1,578
Combined Courts	11,690	11,690	8,043	3,647
Special magistrates	1,000	1,000	730	270
Juvenile and domestic relations district court	14,546	14,696	10,692	4,004
Clerk of the circuit court	414,858	414,708	363,416	51,292
Victim and witness assistance	61,209	65,382	56,841	8,541
Total courts	\$ 570,472	\$ 576,985	\$ 507,653	\$ 69,332
Commonwealth's attorney:				
Commonwealth's attorney	\$ 259,339	\$ 316,217	\$ 308,356	\$ 7,861
Total judicial administration	\$ 829,811	\$ 893,202	\$ 816,009	\$ 77,193
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,741,282	\$ 2,794,888	\$ 2,509,702	\$ 285,186
Technology grant	-	3,146	298	2,848
DMV overtime grant	-	8,853	6,983	1,870
School resource officer	185,110	185,411	177,471	7,940
Byrne grant	-	1,329	-	1,329
Forfeited property	-	24,201	6,763	17,438
Donations	-	40,714	21,720	18,994
Emergency 911 system	615,704	615,704	584,801	30,903
Grant expenditures	-	51,456	7,479	43,977
Wireless funds	-	150,000	-	150,000
Total law enforcement and traffic control	\$ 3,542,096	\$ 3,875,702	\$ 3,315,217	\$ 560,485
Fire and rescue services:				
Volunteer fire departments and rescue squads	\$ 732,500	\$ 734,561	\$ 693,160	\$ 41,401
Other fire and rescue	1,008,625	1,008,625	964,920	43,705
Total fire and rescue services	\$ 1,741,125	\$ 1,743,186	\$ 1,658,080	\$ 85,106
Correction and detention:				
Confinement of prisoners	\$ 3,007	\$ 3,007	\$ 1,908	\$ 1,099
Payment to regional jail	970,201	970,201	970,201	-
Juvenile detention homes	131,349	131,349	131,348	1
Total correction and detention	\$ 1,104,557	\$ 1,104,557	\$ 1,103,457	\$ 1,100

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2016 (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	\$ 318,587	\$ 318,587	\$ 286,251	\$ 32,336
Other protection:				
Animal shelter	\$ 102,344	\$ 223,670	\$ 88,313	\$ 135,357
Civil defense	121,599	121,599	115,507	6,092
Animal control	155,997	155,997	129,256	26,741
Medical examiner	250	250	120	130
Total other protection	\$ 380,190	\$ 501,516	\$ 333,196	\$ 168,320
Total public safety	\$ 7,086,555	\$ 7,543,548	\$ 6,696,201	\$ 847,347
Public works:				
Sanitation and waste removal:				
Refuse disposal	\$ 1,438,848	\$ 1,438,848	\$ 1,158,284	\$ 280,564
Maintenance of general buildings and grounds:				
General properties	\$ 428,275	\$ 433,614	\$ 380,633	\$ 52,981
Total public works	\$ 1,867,123	\$ 1,872,462	\$ 1,538,917	\$ 333,545
Health and welfare:				
Health:				
Local health department	\$ 252,296	\$ 252,296	\$ 251,993	\$ 303
Mental health and mental retardation:				
Chapter X board	\$ 81,911	\$ 81,911	\$ 81,639	\$ 272
Welfare:				
Welfare administration and public assistance	\$ 1,535,743	\$ 1,535,743	\$ 1,472,243	\$ 63,500
Comprehensive services act	1,525,000	1,525,000	1,797,973	(272,973)
Area agency on aging	87,564	88,002	88,001	1
Piedmont regional dental clinic	2,500	2,500	2,500	-
Tax relief for the elderly	-	-	242,700	(242,700)
Shelter for help in emergency	3,000	3,000	3,000	-
Total welfare	\$ 3,153,807	\$ 3,154,245	\$ 3,606,417	\$ (452,172)
Total health and welfare	\$ 3,488,014	\$ 3,488,452	\$ 3,940,049	\$ (451,597)

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2016 (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	\$ 4,925	\$ 4,925	\$ 4,925	\$ -
Contribution to Component Unit - School Board	14,102,226	14,102,226	12,680,491	1,421,735
Total education	\$ 14,107,151	\$ 14,107,151	\$ 12,685,416	\$ 1,421,735
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and recreation administration	\$ 242,618	\$ 242,618	\$ 194,414	\$ 48,204
Library:				
Regional library	\$ 360,760	\$ 360,322	\$ 360,216	\$ 106
Total parks, recreation, and cultural	\$ 603,378	\$ 602,940	\$ 554,630	\$ 48,310
Community development:				
Planning and community development:				
Planning	\$ 396,566	\$ 667,066	\$ 370,063	\$ 297,003
Community development	1,502,434	1,502,434	1,352,237	150,197
Zoning board	7,618	7,618	2,672	4,946
Economic development	280,449	308,335	306,102	2,233
Total planning and community development	\$ 2,187,067	\$ 2,485,453	\$ 2,031,074	\$ 454,379
Environmental management:				
Soil and water conservation district	\$ 18,124	\$ 18,124	\$ 18,124	\$ -
Environmental management	78,142	78,142	70,115	8,027
Total environmental management	\$ 96,266	\$ 96,266	\$ 88,239	\$ 8,027
Cooperative extension program:				
VPI extension program	\$ 56,200	\$ 56,200	\$ 48,028	\$ 8,172
Total community development	\$ 2,339,533	\$ 2,637,919	\$ 2,167,341	\$ 470,578
Nondepartmental:				
Miscellaneous	\$ 167,950	\$ 202,375	\$ 198,752	\$ 3,623

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual - General Fund
 For the Year Ended June 30, 2016 (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	\$ -	\$ 20,326	\$ 440	\$ 19,886
Sewer project	-	261,436	131,435	130,001
Water system Improvements	-	116,348	66,348	50,000
Communication facilities	-	198,926	124,613	74,313
Motor vehicles	-	-	171,889	(171,889)
Land acquisition	-	21,650	21,649	1
Blue Ridge Juvenile Detention Center	58,836	58,838	58,838	-
Total capital projects	\$ 58,836	\$ 677,524	\$ 575,212	\$ 102,312
Debt service:				
Principal retirement	\$ 1,894,030	\$ 1,894,030	\$ 915,598	\$ 978,432
Interest and fiscal charges	994,021	994,021	64,876	929,145
Total debt service	\$ 2,888,051	\$ 2,888,051	\$ 980,474	\$ 1,907,577
Total expenditures	\$ 36,371,402	\$ 37,882,564	\$ 32,469,271	\$ 5,413,293
Excess (deficiency) of revenues over (under) expenditures	\$ (3,066,888)	\$ (4,089,232)	\$ 1,163,444	\$ 5,252,676
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 301,890	\$ 301,890
Transfers out	-	-	(1,739,736)	(1,739,736)
Total other financing sources (uses)	\$ -	\$ -	\$ (1,437,846)	\$ (1,437,846)
Change in fund balance	\$ (3,066,888)	\$ (4,089,232)	\$ (274,402)	\$ 3,814,830
Fund balance at beginning of year	3,066,888	4,089,232	14,199,735	10,110,503
Fund balance at end of year	\$ -	\$ -	\$ 13,925,333	\$ 13,925,333

Schedule of Components of and Changes in Net Pension Liability and Related Ratios
 Primary Government
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 594,337	\$ 589,783
Interest	1,176,121	1,105,478
Differences between expected and actual experience	(80,467)	-
Benefit payments, including refunds of employee contributions	<u>(690,252)</u>	<u>(681,899)</u>
Net change in total pension liability	\$ 999,739	\$ 1,013,362
Total pension liability - beginning	17,146,850	16,133,488
Total pension liability - ending (a)	<u>\$ 18,146,589</u>	<u>\$ 17,146,850</u>
 Plan fiduciary net position		
Contributions - employer	\$ 534,179	\$ 513,429
Contributions - employee	262,135	242,987
Net investment income	747,779	2,210,181
Benefit payments, including refunds of employee contributions	(690,252)	(681,899)
Administrative expense	(9,986)	(11,721)
Other	<u>(158)</u>	<u>116</u>
Net change in plan fiduciary net position	\$ 843,697	\$ 2,273,093
Plan fiduciary net position - beginning	16,185,846	13,912,753
Plan fiduciary net position - ending (b)	<u>\$ 17,029,543</u>	<u>\$ 16,185,846</u>
 County's net pension liability - ending (a) - (b)	 \$ 1,117,046	 \$ 961,004
 Plan fiduciary net position as a percentage of the total pension liability	 93.84%	 94.40%
 Covered payroll	 \$ 5,064,627	 \$ 4,782,184
 County's net pension liability as a percentage of covered payroll	 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 Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 207,351	\$ 197,556
Interest	529,260	501,192
Differences between expected and actual experience	(130,804)	-
Benefit payments, including refunds of employee contributions	<u>(308,451)</u>	<u>(287,094)</u>
Net change in total pension liability	\$ 297,356	\$ 411,654
Total pension liability - beginning	7,715,081	7,303,427
Total pension liability - ending (a)	<u>\$ 8,012,437</u>	<u>\$ 7,715,081</u>
Plan fiduciary net position		
Contributions - employer	\$ 180,867	\$ 162,035
Contributions - employee	92,428	88,696
Net investment income	341,344	1,019,576
Benefit payments, including refunds of employee contributions	(308,451)	(287,094)
Administrative expense	(4,638)	(5,481)
Other	<u>(73)</u>	<u>54</u>
Net change in plan fiduciary net position	\$ 301,477	\$ 977,786
Plan fiduciary net position - beginning	7,456,612	6,478,826
Plan fiduciary net position - ending (b)	<u>\$ 7,758,089</u>	<u>\$ 7,456,612</u>
School Division's net pension liability - ending (a) - (b)	\$ 254,348	\$ 258,469
Plan fiduciary net position as a percentage of the total pension liability	96.83%	96.65%
Covered payroll	\$ 1,865,716	\$ 1,775,867
School Division's net pension liability as a percentage of covered payroll	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 Year Ended June 30, 2016*

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

* The amounts presented have a measurement date of the previous fiscal year end.

Schedule of Employer Contributions
For the Year Ended June 30, 2016

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					
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%
2007	323,351	323,351	-	4,129,642	7.83%
Component Unit School Board (nonprofessional)					
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%
2007	110,370	110,370	-	1,594,943	6.92%
Component Unit School Board (professional)					
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%
2007	2,035,020	2,035,020	-	14,331,124	14.20%

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, 2016

In 2015, Covered Employee Payroll (as defined by GASB 68) included the total payroll for employees covered under the pension plan whether that payroll is subject to pension coverage or not. This definition was modified in GASB Statement No. 82 and now is the payroll on which contributions to a pension plan are based. The ratios presented use the same measure.

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 was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are 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)
6/30/2013	\$ 76,108	\$ 92,347	\$ 16,239	82.42%	\$ 1,900,453	0.85%
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%

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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, 2016

	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Revenues:				
Charges for services	\$ -	\$ -	\$ 787,609	\$ 787,609
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 787,609</u>	<u>\$ 787,609</u>
Expenditures:				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 1,238,652	\$ (1,238,652)
Interest and fiscal charges	-	-	941,084	(941,084)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,179,736</u>	<u>\$ (2,179,736)</u>
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,179,736</u>	<u>\$ (2,179,736)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,392,127)</u>	<u>\$ (1,392,127)</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 1,739,736	\$ 1,739,736
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,739,736</u>	<u>\$ 1,739,736</u>
Change in fund balance	\$ -	\$ -	\$ 347,609	\$ 347,609
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>199,988</u>	<u>199,988</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 547,597</u></u>	<u><u>\$ 547,597</u></u>

Statement of Changes in Assets and Liabilities -
 Agency Fund
 For the Year Ended June 30, 2016

	<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	\$ 43,071	\$ 2,824	\$ 388	\$ 45,507
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Amounts held for social services clients	\$ 43,071	\$ 2,824	\$ 388	\$ 45,507
	<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, 2016

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 197,863	\$ 197,863
Due from primary government	2,190,239	-	2,190,239
Due from other governmental units	741,045	-	741,045
Prepaid items	159,307	-	159,307
Total assets	<u>\$ 3,090,591</u>	<u>\$ 197,863</u>	<u>\$ 3,288,454</u>
LIABILITIES			
Accounts payable	\$ 425,493	\$ -	\$ 425,493
Accrued liabilities	2,665,098	-	2,665,098
Total liabilities	<u>\$ 3,090,591</u>	<u>\$ -</u>	<u>\$ 3,090,591</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 159,307	\$ -	\$ 159,307
Committed:			
Education	(159,307)	197,863	38,556
Total fund balances	<u>\$ -</u>	<u>\$ 197,863</u>	<u>\$ 197,863</u>
Detailed explanation of adjustments from fund statements to government-wide statement of net position:			
Total fund balances per above			\$ 197,863
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 127,800	
Buildings and improvements		9,743,394	
Equipment		1,946,422	11,817,616
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			(2,812,566)
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.			
			2,488,091
Interest on capital leases is not accrued in governmental funds, but rather is recognized as an expenditure when due.			
			(3,909)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases		\$ (624,626)	
Compensated absences		(406,005)	
Net pension liability - teachers cost-sharing pool		(26,993,000)	
Net pension liability - nonprofessional group		(254,348)	
Adjustment for changes in proportionate share of net pension liability		1,177,000	
Net OPEB obligation		(801,088)	(27,902,067)
Net Position of Discretely Presented Component Unit - School Board			<u>\$ (16,214,972)</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, 2016

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenues:			
Revenue from use of money and property	\$ 81,506	\$ -	\$ 81,506
Charges for services	152,223	472,674	624,897
Miscellaneous	164,802	11,364	176,166
Recovered costs	685,979	-	685,979
Intergovernmental:			
County contribution to School Board	12,680,491	-	12,680,491
Commonwealth	17,913,819	-	17,913,819
Federal	2,138,191	-	2,138,191
 Total revenues	 \$ 33,817,011	 \$ 484,038	 \$ 34,301,049
Expenditures:			
Current:			
Education	\$ 31,167,336	\$ 1,306,514	\$ 32,473,850
Debt service:			
Principal retirement	1,448,429	-	1,448,429
Interest	605,265	-	605,265
 Total expenditures	 \$ 33,221,030	 \$ 1,306,514	 \$ 34,527,544
 Excess (deficiency) of revenues over (under) expenditures	 \$ 595,981	 \$ (822,476)	 \$ (226,495)
Other financing sources (uses):			
Issuance of capital leases	\$ 167,952	\$ -	\$ 167,952
Transfers in	-	763,933	763,933
Transfers (out)	(763,933)	-	(763,933)
 Total other financing sources (uses)	 \$ (595,981)	 \$ 763,933	 \$ 167,952
 Change in fund balance	 \$ -	 \$ (58,543)	 \$ (58,543)
 Fund balance at beginning of year	 -	 256,406	 256,406
 Fund balance at end of year	 \$ -	 \$ 197,863	 \$ 197,863

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, 2016

	Component Unit	
	School Board	
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
Net change in fund balances - total governmental funds	\$ (58,543)	
<p>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:</p>		
Capital additions	\$ 202,400	
Transfer of joint tenancy assets from Primary Government to the Component Unit	925,829	
Depreciation expense	<u>(857,901)</u>	270,328
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in deferred inflows of resources related to net pension liability		1,942,451
<p>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:</p>		
Capital lease proceeds	\$ (167,952)	
Principal retired on capital lease obligations	<u>434,502</u>	266,550
<p>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.</p>		
Change in compensated absences	\$ (3,386)	
(Increase) decrease in net pension liability - teachers cost-sharing pool	(2,330,000)	
(Increase) decrease in net pension liability - nonprofessional group	4,121	
Increase (decrease) in deferred outflows of resources related to pension payments subsequent to the measurement date	11,760	
Increase (decrease) in deferred outflows of resources related to the measurement of the net pension liability	1,177,000	
Change in net OPEB obligation	(100,937)	
Change in accrued interest payable	<u>5,736</u>	(1,235,706)
Change in net position of governmental activities		<u>\$ 1,185,080</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, 2016

	School Operating Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ 40,000	\$ 40,000	\$ 81,506	\$ 41,506
Charges for services	139,000	139,000	152,223	13,223
Miscellaneous	208,000	208,000	164,802	(43,198)
Recovered costs	700,000	700,000	685,979	(14,021)
Intergovernmental:				
County contribution to School Board	14,102,226	14,102,226	12,680,491	(1,421,735)
Commonwealth	18,063,804	18,063,804	17,913,819	(149,985)
Federal	2,043,924	2,043,924	2,138,191	94,267
Total revenues	\$ 35,296,954	\$ 35,296,954	\$ 33,817,011	\$ (1,479,943)
Expenditures:				
Current:				
Education				
Instruction	\$ 26,711,797	\$ 26,711,797	\$ 25,368,249	\$ 1,343,548
Administration, attendance and health	1,555,325	1,555,325	1,434,704	120,621
Pupil transportation	1,882,286	1,882,286	1,836,467	45,819
Operation and maintenance	2,636,388	2,636,388	2,462,887	173,501
Facilities	8,000	8,000	65,029	(57,029)
Food service	-	-	-	-
Total education	\$ 32,793,796	\$ 32,793,796	\$ 31,167,336	\$ 1,626,460
Debt service:				
Principal retirement	\$ 1,278,268	\$ 1,278,268	\$ 1,448,429	\$ (170,161)
Interest	579,890	579,890	605,265	(25,375)
Total debt service	\$ 1,858,158	\$ 1,858,158	\$ 2,053,694	\$ (195,536)
Total expenditures	\$ 34,651,954	\$ 34,651,954	\$ 33,221,030	\$ 1,430,924
Excess (deficiency) of revenues over (under) expenditures	\$ 645,000	\$ 645,000	\$ 595,981	\$ (49,019)
Other financing sources (uses):				
Issuance of capital leases	\$ -	\$ -	\$ 167,952	\$ 167,952
Transfers in	-	-	-	-
Transfers (out)	(645,000)	(645,000)	(763,933)	(118,933)
Total other financing sources (uses)	\$ (645,000)	\$ (645,000)	\$ (595,981)	\$ 49,019
Change in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Exhibit 19

School Cafeteria Fund			
Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -
-	-	472,674	472,674
-	-	11,364	11,364
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,038</u>	<u>\$ 484,038</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	1,306,514	(1,306,514)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,306,514</u>	<u>\$ (1,306,514)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 1,306,514	\$ (1,306,514)
\$ -	\$ -	\$ (822,476)	\$ (822,476)
\$ -	\$ -	\$ -	\$ -
-	-	763,933	763,933
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 763,933</u>	<u>\$ 763,933</u>
\$ -	\$ -	\$ (58,543)	\$ (58,543)
-	-	256,406	256,406
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,863</u>	<u>\$ 197,863</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, 2016

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	\$ 13,129,327	\$ 13,129,327	\$ 13,798,303	\$ 668,976
Real and personal public service corporation taxes	447,728	447,728	476,094	28,366
Personal property taxes	3,615,730	3,615,730	3,946,248	330,518
Mobile home taxes	52,276	52,276	-	(52,276)
Machinery and tools taxes	61,231	61,231	214,986	153,755
Penalties	200,000	200,000	215,042	15,042
Interest	156,000	156,000	107,206	(48,794)
Total general property taxes	<u>\$ 17,662,292</u>	<u>\$ 17,662,292</u>	<u>\$ 18,757,879</u>	<u>\$ 1,095,587</u>
Other local taxes:				
Local sales and use taxes	\$ 1,740,000	\$ 1,740,000	\$ 1,904,511	\$ 164,511
Consumer utility taxes	420,000	420,000	408,435	(11,565)
Business license taxes	-	475,000	663,239	188,239
Motor vehicle licenses	425,000	425,000	442,540	17,540
Bank stock taxes	75,000	75,000	60,035	(14,965)
Taxes on recordation and wills	263,500	263,500	241,702	(21,798)
Transient lodging taxes	160,000	160,000	186,425	26,425
Meals taxes	650,000	650,000	705,993	55,993
Total other local taxes	<u>\$ 4,208,500</u>	<u>\$ 4,208,500</u>	<u>\$ 4,612,880</u>	<u>\$ 404,380</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	\$ 9,700	\$ 9,700	\$ 8,128	\$ (1,572)
Other permits and licenses	220,600	220,600	244,588	23,988
Total permits, privilege fees and regulatory licenses	<u>\$ 230,300</u>	<u>\$ 230,300</u>	<u>\$ 252,716</u>	<u>\$ 22,416</u>
Fines and Forfeitures:				
Court and other fines and forfeitures	\$ 170,700	\$ 170,700	\$ 155,638	\$ (15,062)
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 71	\$ 71
Revenue from use of property	47,807	47,807	46,857	(950)
Total revenue from use of money and property	<u>\$ 47,807</u>	<u>\$ 47,807</u>	<u>\$ 46,928</u>	<u>\$ (879)</u>

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2016 (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	\$ 905	\$ (495)
Law library fees	1,300	1,300	1,531	231
Courthouse maintenance	50,000	50,000	42,860	(7,140)
Commonwealth attorney fees	19,022	19,022	19,201	179
Dog pound fees	3,500	3,500	7,343	3,843
Charges for transportation services	223,435	223,435	127,944	(95,491)
DMV stop fees	-	30,140	30,705	565
After school program fees	327,027	327,027	102,939	(224,088)
Parks and recreation	75,500	75,500	49,191	(26,309)
Vehicle maintenance facility	750,000	750,000	537,360	(212,640)
Charges for landfill operations	1,427,478	1,427,478	838,860	(588,618)
Revenue recovery	346,651	346,651	295,600	(51,051)
Charges for water/sewer	325,000	325,000	-	(325,000)
Other charges for services	150	150	1,109	959
Total charges for services	\$ 3,550,463	\$ 3,580,603	\$ 2,055,548	\$ (1,525,055)
Miscellaneous:				
Donations	\$ 500	\$ 73,303	\$ 73,303	\$ -
Miscellaneous	105	70,221	150,545	80,324
Total miscellaneous	\$ 605	\$ 143,524	\$ 223,848	\$ 80,324
Recovered costs:				
State health department reimbursement	\$ -	\$ -	\$ 9,977	\$ 9,977
Expenditure refunds	128,543	128,844	201,846	73,002
Total recovered costs	\$ 128,543	\$ 128,844	\$ 211,823	\$ 82,979
Total revenue from local sources	\$ 25,999,210	\$ 26,172,570	\$ 26,317,260	\$ 144,690
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling taxes	\$ 20,000	\$ 20,000	\$ 12,231	\$ (7,769)
Auto rental tax	2,900	2,900	5,023	2,123
Motor vehicle titling tax	18,000	20,061	20,061	-

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2016 (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	\$ 60,000	\$ 60,000	\$ 63,127	\$ 3,127
Rolling stock tax	220	220	-	(220)
Contribution to State of Virginia	(40,000)	(6,898)	-	6,898
Communication sales and use taxes	498,000	498,000	476,724	(21,276)
Personal property tax relief act	2,249,911	2,249,911	2,249,911	-
Total noncategorical aid	\$ 2,809,031	\$ 2,844,194	\$ 2,827,077	\$ (17,117)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 175,490	\$ 175,490	\$ 196,444	\$ 20,954
Sheriff	825,640	825,640	825,888	248
Commissioner of the Revenue	80,799	80,799	80,412	(387)
Treasurer	78,238	78,238	78,155	(83)
Registrar/electoral board	36,335	36,335	44,685	8,350
Clerk of the Circuit Court	186,286	186,286	200,510	14,224
Total shared expenses	\$ 1,382,788	\$ 1,382,788	\$ 1,426,094	\$ 43,306
Other categorical aid:				
Law enforcement grants	\$ 25,871	\$ 6,662	\$ 8,302	\$ 1,640
Litter control	6,350	6,350	6,427	77
Fire programs fund	41,400	41,400	-	(41,400)
Section 18 transportation grant	479,877	479,877	166,428	(313,449)
Juvenile Justice	7,596	7,596	7,596	-
E-911 wireless grant	45,000	195,000	47,043	(147,957)
Forfeited Property	-	11,651	11,651	-
Public assistance	353,221	353,221	304,407	(48,814)
Domestic violence	-	45,000	52,983	7,983
Comprehensive services	976,000	976,000	1,033,112	57,112
USDA grant	25,000	25,000	19,327	(5,673)
Other categorical aid	-	23,291	12,399	(10,892)
Total other categorical aid	\$ 1,960,315	\$ 2,171,048	\$ 1,669,675	\$ (501,373)
Total categorical aid	\$ 3,343,103	\$ 3,553,836	\$ 3,095,769	\$ (458,067)
Total revenue from the Commonwealth	\$ 6,152,134	\$ 6,398,030	\$ 5,922,846	\$ (475,184)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2016 (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	\$ 45,973	\$ 3,973
Categorical aid:				
Welfare administration and assistance	\$ 706,442	\$ 706,442	\$ 765,044	\$ 58,602
Federal portion of comprehensive services act	-	-	6,132	6,132
Section 18 transportation grant	404,728	404,728	508,225	103,497
Bulletproof vest grant	-	3,146	5,374	2,228
Transportation safety grant	-	-	17,628	17,628
Homeland security	-	32,273	7,827	(24,446)
Forfeited property	-	1,332	1,332	-
Byrne grant	-	1,329	-	(1,329)
Safety grants	-	23,982	24,904	922
Federal disaster recovery	-	7,500	10,170	2,670
Total categorical aid	<u>\$ 1,111,170</u>	<u>\$ 1,180,732</u>	<u>\$ 1,346,636</u>	<u>\$ 165,904</u>
Total revenue from the federal government	<u>\$ 1,153,170</u>	<u>\$ 1,222,732</u>	<u>\$ 1,392,609</u>	<u>\$ 169,877</u>
Total general fund	<u><u>\$ 33,304,514</u></u>	<u><u>\$ 33,793,332</u></u>	<u><u>\$ 33,632,715</u></u>	<u><u>\$ (160,617)</u></u>
Debt service fund:				
Revenue from local sources:				
Charges for services:				
Sewer EDU charges	\$ -	\$ -	\$ 350,000	\$ 350,000
User fees	-	-	357,609	357,609
Water EDU charges	-	-	80,000	80,000
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 787,609</u>	<u>\$ 787,609</u>
Total debt service fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 787,609</u></u>	<u><u>\$ 787,609</u></u>
Total Primary Government	<u><u>\$ 33,304,514</u></u>	<u><u>\$ 33,793,332</u></u>	<u><u>\$ 34,420,324</u></u>	<u><u>\$ 626,992</u></u>

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2016 (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	\$ 40,000	\$ 40,000	\$ 81,506	\$ 41,506
Charges for services:				
Charges for education	\$ 139,000	\$ 139,000	\$ 152,223	\$ 13,223
Miscellaneous:				
Expenditure refunds	\$ 125,000	\$ 125,000	\$ 56,186	\$ (68,814)
Miscellaneous	83,000	83,000	108,616	25,616
Total miscellaneous	\$ 208,000	\$ 208,000	\$ 164,802	\$ (43,198)
Recovered costs:				
Other payments from another county or city	\$ 700,000	\$ 700,000	\$ 685,979	\$ (14,021)
Total revenue from local sources	\$ 1,087,000	\$ 1,087,000	\$ 1,084,510	\$ (2,490)
Intergovernmental:				
County contribution to School Board	\$ 14,102,226	\$ 14,102,226	\$ 12,680,491	\$ (1,421,735)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,195,856	\$ 3,195,856	\$ 3,315,131	\$ 119,275
Basic school aid	9,192,976	9,192,976	8,958,399	(234,577)
GED	7,859	7,859	7,859	-
Remedial summer school	97,549	97,549	85,122	(12,427)
Remedial education - SOQ	255,715	255,715	250,769	(4,946)
Special education - SOQ	1,222,198	1,222,198	1,198,558	(23,640)
Textbook	71,721	71,721	111,732	40,011
Vocational standards of quality payments	193,297	193,297	189,558	(3,739)
Fringe benefits	1,638,993	1,638,993	1,599,393	(39,600)
Regional program payments	923,324	923,324	741,085	(182,239)
Primary class size reduction	210,678	210,678	198,209	(12,469)
Technology	180,000	180,000	180,000	-
Other state funds	873,638	873,638	1,078,004	204,366
Total categorical aid	\$ 18,063,804	\$ 18,063,804	\$ 17,913,819	\$ (149,985)
Total revenue from the Commonwealth	\$ 18,063,804	\$ 18,063,804	\$ 17,913,819	\$ (149,985)

Governmental Funds and Discretely Presented Component Unit
 Schedule of Revenues -- Budget and Actual
 For the Year Ended June 30, 2016 (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	\$ 415,000	\$ 415,000	\$ 385,548	\$ (29,452)
Title VI-B	602,000	602,000	712,578	110,578
Tech assistive	10,000	10,000	2,500	(7,500)
School food program grant	738,324	738,324	741,844	3,520
AP grant	-	-	615	615
Pre-school SPED	-	-	30,206	30,206
Vocational education	27,000	27,000	41,724	14,724
Title III-ESL	35,000	35,000	9,221	(25,779)
Bab subsidy	121,600	121,600	122,238	638
Title II part A	95,000	95,000	91,717	(3,283)
Total revenue from the federal government	<u>\$ 2,043,924</u>	<u>\$ 2,043,924</u>	<u>\$ 2,138,191</u>	<u>\$ 94,267</u>
Total school operating fund	<u>\$ 35,296,954</u>	<u>\$ 35,296,954</u>	<u>\$ 33,817,011</u>	<u>\$ (1,479,943)</u>
School cafeteria fund:				
Special revenue fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 472,674	\$ 472,674
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 11,364	\$ 11,364
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,038</u>	<u>\$ 484,038</u>
Total school cafeteria fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 484,038</u>	<u>\$ 484,038</u>
Total Revenues -- Component Unit -- School Board	<u>\$ 35,296,954</u>	<u>\$ 35,296,954</u>	<u>\$ 34,301,049</u>	<u>\$ (995,905)</u>

Statistical Information

COUNTY OF GREENE, VIRGINIA

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Recreation and Cultural
2006-07	\$ 2,292,151	\$ 647,781	\$ 4,157,052	\$ 2,323,483	\$ 3,501,134	\$ 7,993,506	458,890
2007-08	2,354,054	669,784	4,608,566	2,601,110	3,041,586	10,093,139	546,068
2008-09	2,208,969	732,824	4,964,867	2,686,808	3,545,971	10,102,951	798,049
2009-10	2,317,597	728,288	5,168,726	2,157,064	3,141,865	9,977,710	582,625
2010-11	2,413,341	750,008	5,647,390	1,619,192	3,268,889	10,645,122	586,531
2011-12	2,569,601	796,212	5,925,042	1,668,381	3,283,874	10,876,226	655,517
2012-13	2,980,297	857,949	6,446,145	1,633,036	3,359,730	13,691,015	638,132
2013-14	2,951,965	872,678	6,524,622	1,556,202	3,356,783	13,111,319	624,675
2014-15	3,073,055	802,988	7,053,193	1,823,774	3,389,971	12,645,242	613,315
2015-16	3,044,641	806,765	6,945,379	1,659,669	3,889,018	12,321,340	632,059

Table 1

	Community Development	Interest on Long-term Obligations	Total
\$	1,227,319	\$ 2,398,768	\$ 25,000,084
	1,406,092	2,109,150	27,429,549
	1,554,244	2,023,856	28,618,539
	1,694,807	1,870,527	27,639,209
	1,829,783	1,777,149	28,537,405
	1,896,573	1,714,067	29,385,493
	2,003,035	1,827,823	33,437,162
	1,993,591	1,752,620	32,744,455
	2,081,033	1,976,446	33,459,017
	2,203,322	1,410,094	32,912,287

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
2006-07	\$ 6,720,063	\$ 3,971,286	\$ -
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	-

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
\$ 13,599,892	\$ 3,443,880	\$ 2,463,754	\$ 930,857	\$ 374,327	\$ 31,504,059
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

COUNTY OF GREENE, VIRGINIA

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

Fiscal Year	General Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare
2006-07	\$ 1,945,296	\$ 622,346	\$ 3,928,340	\$ 2,125,007	\$ 3,500,069
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

(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>
\$	26,721,702	\$ 380,581	\$ 1,301,761	\$ 21,388	\$ 2,888,431	\$ 43,434,921
	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

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
2006-07	\$ 13,188,509	\$ 3,443,880	\$ 441,954	\$ 169,241	\$ 495,375
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

(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

<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter- governmental</u>	<u>Total</u>
\$ 3,297,142	\$ 631,049	\$ 411,988	\$ 23,950,701	\$ 46,029,839
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

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
2006-07	\$ 15,769,511	\$ 14,618,569	92.70%	\$ 622,838	\$ 15,241,407	96.65%	\$ 1,247,675	7.91%
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%

(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
2006-07	\$ 1,367,588,892	\$ 99,210,035	813,020	\$ 29,459,777	\$ 1,497,071,724
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

(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
2006-07	\$ 0.84/0.72	\$ 5.00/5.00	2.00/2.00
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

(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
2006-07	17,165	\$ 1,497,071,724	\$ 50,658,356	3.38%	2,951
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

(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, 2016

Revenues:	
State aid	\$ 166,428
Federal aid	508,225
Fare collections	127,944
Greene County contribution for operations	<u>-</u>
Total revenues	<u>\$ 802,597</u>
Expenditures:	
Salaries and fringes	\$ 323,456
Materials and other expenditures	<u>461,872</u>
Total expenditures	<u>\$ 785,328</u>
Excess of revenues over expenditures	<u><u>\$ 17,269</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, 2016, 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 January 3, 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, Farney Cox Associates
Charlottesville, Virginia
January 3, 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, 2016. 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, 2016.

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

January 3, 2017

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and Discretely Presented Component Units For The Year Ended June 30, 2016

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	0010115/0010116/0040115/0040116	\$ 162,186
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAF	10.596	Unknown	<u>6,115</u>
Total Department of Agriculture			<u>\$ 168,301</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-2015-53362-5077	\$ 6,735
Alcohol Impaired Driving Countermeasures Incentives Grants I	20.601	K8-2016-54357-5605	<u>10,893</u>
Subtotal Highway Safety Cluster			<u>\$ 17,628</u>
Department of Rail and Public Transportation:			
Formula Grants for Rural Areas	20.509	60901-420115/420116	<u>508,225</u>
Total Department of Transportation			<u>\$ 525,853</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Direct payment:</u>			
Asset Forfeiture Proceeds	16.000	n/a	\$ 1,332
Bulletproof Vest Partnership Program	16.607	n/a	<u>5,374</u>
<u>Pass through payments:</u>			
Department of Justice:			
Crime Victim Assistance	16.575	14VAGX0001	<u>24,904</u>
Total Department of Justice			<u>\$ 31,610</u>
<u>DEPARTMENT OF HOMELAND SECURITY:</u>			
<u>Pass through payments:</u>			
Department of Emergency Management:			
Homeland Security Grant Program	97.067	77501 77502 79901 77601	\$ 7,827
Hazard Mitigation Grant	97.039	25-99025-00	<u>10,170</u>
Total Department of Homeland Security			<u>\$ 17,997</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	950115	\$ 7,048
Temporary Assistance For Needy Families	93.558	0400115/0400116	122,123
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500116	128
Low-Income Home Energy Assistance	93.568	0600415/0600416	<u>11,161</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760116	15,666
Chafee Education and Training Vouchers Program (ETV)	93.599	9160110	1,574
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/0900116	697
Foster care - Title IV-E	93.658	1100115/1100116	<u>110,733</u>

COUNTY OF GREENE, VIRGINIA

Schedule of Expenditures of Federal Awards - Primary Government and
Discretely Presented Component Units
For The Year Ended June 30, 2016 (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	1120115/1120116	\$ 51,493
Social Services Block Grant	93.667	1000115/1000116	74,566
Chafee Foster Care Independence Program	93.674	9150115/9150116	992
Children's Health Insurance Program	93.767	0540115/0540116	6,449
Medical Assistance Program	93.778	1200115/1200116	<u>200,245</u>
Total Department of Health and Human Services			\$ <u>602,875</u>
Total Primary Government			\$ <u><u>1,346,636</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	2015IN109941/2016IN109941	\$ 69,026
Department of Education:			
National School Lunch Program	10.555	2015IN109941/2016IN109941	<u>548,563</u>
Total food commodities and national school lunch program			\$ 617,589
School Breakfast Program	10.553	2015IN109941/2016IN109941	<u>124,255</u>
Total Department of Agriculture			\$ <u>741,844</u>
<u>DEPARTMENT OF EDUCATION:</u>			
<u>Pass through payments:</u>			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A140046/S010A150046	\$ 385,548
Special Education Cluster:			
Special Education - Grants to States	84.027	H027A140107/H027A150107	715,078
Special Education - Preschool Grants	84.173	H173A130112/H173A140112/H173A150112	<u>30,206</u>
Subtotal Special Education Cluster			\$ 745,284
Career and Technical Education - Basic Grants to States	84.048	V048A150046	41,724
Supporting Effective Instruction State Grant	84.367	S367A140044/S367A150044	91,717
Advanced Placement Program	84.330	609570	615
English Language Acquisition State Grants	84.365	S365A130046/T365A140046	<u>9,221</u>
Total Department of Education			\$ <u>1,274,109</u>
Total Component Unit School Board			\$ <u><u>2,015,953</u></u>
Total Expenditures of Federal Awards			\$ <u><u>3,362,589</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, 2016

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, 2016. 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 \$69,026 is reported in the Schedule at the fair market value of the commodities received and disbursed.

Note 4 - 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	\$	1,392,609
Less Payment in lieu of taxes		<u>(45,973)</u>
Total primary government	\$	<u>1,346,636</u>

Component Unit School Board:

School Operating Fund	\$	2,138,191
Less BAB subsidy		<u>(122,238)</u>

Total component unit school board

	\$	<u>2,015,953</u>
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Total federal expenditures per basic financial statements

	\$	<u>3,362,589</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards

	\$	<u><u>3,362,589</u></u>
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COUNTY OF GREENE, VIRGINIA

Schedule of Findings and Questioned Costs
For The Year Ended June 30, 2016

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>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title I Grants to Local Educational Agencies
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.