

# COUNTY OF BRUNSWICK, VIRGINIA



FINANCIAL REPORT YEAR  
ENDED JUNE 30, 2017



**County of Brunswick, Virginia**  
**Financial Report**  
**For the Year Ended June 30, 2017**

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# COUNTY OF BRUNSWICK, VIRGINIA

Financial Report  
For the Year Ended June 30, 2017

## TABLE OF CONTENTS

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	<b>PAGE</b>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
<b><u>Basic Financial Statements:</u></b>	
<b>Government-Wide Financial Statements:</b>	
Exhibit 1 Statement of Net Position	9
Exhibit 2 Statement of Activities	10-11
<b>Fund Financial Statements:</b>	
Exhibit 3 Balance Sheet—Governmental Funds	12
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	13
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	14
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Exhibit 7 Statement of Fiduciary Net Position—Fiduciary Funds	16
<b>Notes to Financial Statements</b>	17-74
<b><u>Required Supplementary Information:</u></b>	
Exhibit 8 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund	75
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Virginia Public Assistance Fund	76
Exhibit 10 Schedule of Changes in Net Pension Liability and Related Ratios—Primary Government	77
Exhibit 11 Schedule of Changes in Net Pension Liability and Related Ratios—Component Unit School board (nonprofessional)	78
Exhibit 12 Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	79
Exhibit 13 Schedule of Employer Contributions	80
Exhibit 14 Notes to Required Supplementary Information – Virginia Retirement System	81
Exhibit 15 Schedules of OPEB Funding Progress	82

# COUNTY OF BRUNSWICK, VIRGINIA

Financial Report  
For the Year Ended June 30, 2017

## TABLE OF CONTENTS

---

	<u>PAGE</u>
<b><u>Other Supplementary Information:</u></b>	
<b>Combining and Individual Fund Financial Statements and Schedules:</b>	
Exhibit 16	Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Debt Service Fund 83
Exhibit 17	Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Capital Projects Fund 84
Exhibit 18	Combining Balance Sheet—Nonmajor Special Revenue Funds 85
Exhibit 19	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Special Revenue Funds 86
Exhibit 20	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds 87-88
Exhibit 21	Combining Statement of Fiduciary Net Position—Fiduciary Funds 89
Exhibit 22	Combining Statement of Changes in Assets and Liabilities—Agency Funds 90
Exhibit 23	Combining Balance Sheet—Discretely Presented Component Unit- School Board 91
Exhibit 24	Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds—Discretely Presented Component Unit-School Board 92
Exhibit 25	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Discretely Presented Component Unit-School Board 93-94
<b>Supporting Schedules:</b>	
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds and Discretely Presented Component Unit - School Board 95-102
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds and Discretely Presented Component Unit - School Board 103-107

COUNTY OF BRUNSWICK, VIRGINIA

Financial Report  
For the Year Ended June 30, 2017

TABLE OF CONTENTS

---

	<u>PAGE</u>
<b><u>Other Supplementary Information: (Continued)</u></b>	
<b>Statistical Information:</b>	
Table 1	Government-wide Expenses by Function—Last Ten Fiscal Years 108
Table 2	Government-wide Revenues—Last Ten Fiscal Years 109
Table 3	General Governmental Expenditures by Function—Last Ten Fiscal Years 110
Table 4	General Governmental Revenues by Source—Last Ten Fiscal Years 111
Table 5	Property Tax Levies and Collections—Last Ten Fiscal Years 112
Table 6	Assessed Value of Taxable Property—Last Ten Fiscal Years 113
Table 7	Property Tax Rates—Last Ten Fiscal Years 114
Table 8	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years 115
<b><u>Compliance:</u></b>	
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 <i>Government Auditing Standards</i>	116-117
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	118-119
Schedule of Expenditures of Federal Awards	120-121
Notes to Schedule of Expenditures of Federal Awards	122
Schedule of Findings and Questioned Costs	123-124
Summary Schedule of Prior Audit Findings	125



**BOARD OF SUPERVISORS**

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Bernard L. Jones, Sr.	Barbara Jarrett-Harris, Chairperson	John W. Zubrod
Welton Tyler		Frederick Harrison

**COUNTY SOCIAL SERVICES BOARD**

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Alfonzo Seward	Jean Moody, Chairperson	Delores Webster
Saundra Shye	Audrey Jarrett-Nelson	John W. Zubrod

**COUNTY SCHOOL BOARD**

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Roy F. Warwick	Dr. Carolyn P. Jones, Chairman	Timothy Puryear
Floyd A. Moore, Jr.		Elizabeth Burns

**OTHER OFFICIALS**

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Judge of the Circuit Court	W. Edward Tomko, III
Chief Judge for 6 <sup>th</sup> Judicial Circuit Court	W. Allen Sharrett
Clerk of the Circuit Court	V. Earl Stanley, Jr.
Commonwealth's Attorney	Lezlie S. Green
Commissioner of the Revenue	Camilla Clayton-Bright
Treasurer	Jacqueline Mangrum
Sheriff	Brian K. Roberts
Superintendent of Schools	Dora G. Wynn
Director of Social Services	Deborah Burkett
County Administrator	Dr. Charlette T. Woolridge
Chief Judge of the General District Court	Stephen Bloom
Chief Judge of the Juvenile and Domestic Relations Court	Carson E. Saunders, Jr.
Clerk of the School Board	Betty Macklin



# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## Independent Auditors' Report

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**The Honorable Members of  
The Board of Supervisors  
County of Brunswick, 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 County of Brunswick, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise County of Brunswick, Virginia'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, 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 County of Brunswick, Virginia, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 3-8, 75-76 and 77-82 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 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 County of Brunswick, Virginia's basic financial statements. The combining and individual fund financial statements and schedules, supporting schedules, 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 combining and individual fund financial statements and schedules, supporting 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 combining and individual fund financial statements and schedules, supporting schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2018, on our consideration of County of Brunswick, 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 County of Brunswick, Virginia's internal control over financial reporting and compliance.

*Robinson, Fawcett, Cox Associates*  
Charlottesville, Virginia  
February 13, 2018

**COUNTY OF BRUNSWICK, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**To the Citizens of Brunswick, County  
County of Brunswick, Virginia**

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

**Financial Highlights**

**Government-wide Financial Statements**

- On a government-wide basis for governmental activities, 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 \$12,176,109 (net position), an increase of \$3,294,089 over the prior year.

**Fund Financial Statements**

In the Governmental Funds, on a current financial resource basis, expenditures and other financing uses exceeded revenues and other financing sources by \$1,963,898 (Exhibit 5) after making contributions totaling \$4,766,689 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$16,120,270, an increase of \$1,963,898 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$13,450,123 or 70% of total general fund expenditures.
- Combined long-term obligations for the governmental funds decreased \$1,275,419 during the current fiscal year. No new debt was issued during the year. Debt balances decreased \$1,578,782.

**Overview of the Financial Statements**

This discussion and analysis is 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 required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the 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 a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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 administration, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only County of Brunswick, Virginia itself (known as the primary government), but also a legally separate school district for which County of Brunswick, Virginia is financially accountable and a legally separate industrial development authority for which the County appoints a majority of its board members. Financial information for these component units are reported separately from the financial information presented 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. County of Brunswick, 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 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 following the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County's major funds are the General Fund, the Virginia Public Assistance Fund, the Debt Service Fund, and the County Capital Improvements Fund.

Proprietary Funds – Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Funds utilize the accrual basis of accounting where the measurement focus is upon determination of net income, financial position, and changes in financial position. The County has no Proprietary Funds.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

## **Overview of the Financial Statements: (Continued)**

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.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules, pension funding schedules for the Virginia Retirement System and funding progress for other postemployment benefits. Other supplementary information presented includes various combining financial statements for the County's non-major funds and the discretely presented component unit - School Board, supporting schedules, and statistical information. The School Board does not issue separate financial statements. The Component Unit IDA's statements can be obtained by contacting the Authority's Executive Director, 116 West Hicks Street, Lawrenceville, VA 23868.

## **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's governmental activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,176,109 at the close of the most recent fiscal year.

### **Summary Statement of Net Position**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 17,918,606	\$ 15,626,646
Capital assets	15,309,384	15,671,480
Total assets	\$ 33,227,990	\$ 31,298,126
Deferred outflows of resources	\$ 927,404	\$ 633,401
Long-term liabilities	\$ 20,155,607	\$ 21,431,026
Current liabilities	1,373,451	1,154,020
Total liabilities	\$ 21,529,058	\$ 22,585,046
Deferred inflows of resources	\$ 450,227	\$ 464,461
Net position:		
Net investment in capital assets	\$ 7,408,157	\$ 5,926,753
Restricted	276,498	571,842
Unrestricted	4,491,454	2,383,425
Total net position	\$ 12,176,109	\$ 8,882,020

At the end of the current fiscal year, the County's net investment in capital assets was \$7,408,157. The County uses these capital assets to provide services to citizens: therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Government-wide Financial Analysis: (Continued)**

Governmental Activities - Governmental activities increased the County's net position by \$3,294,089.

**Summary Statement of Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Program revenues:		
Charges for services	\$ 2,329,785	\$ 1,684,807
Operating grants and contributions	4,297,335	4,191,607
Capital grants and contributions	682,187	238,644
General revenues:		
General property taxes	14,348,055	11,788,542
Other local taxes	1,617,595	1,899,602
Grants and other contributions not restricted	1,825,375	1,825,892
Use of money and property	139,209	133,637
Miscellaneous	140,896	150,380
Total revenues	<u>\$ 25,380,437</u>	<u>\$ 21,913,111</u>
Expenses:		
General government administration	\$ 1,822,713	\$ 1,559,145
Judicial administration	1,459,765	1,375,338
Public safety	7,167,141	7,059,685
Public works	1,704,854	1,399,968
Health and welfare	2,980,849	2,772,335
Education	5,434,742	5,815,545
Parks, recreation, and cultural	255,735	257,645
Community development	677,268	1,010,181
Interest on long-term debt	583,281	633,693
Total expenses	<u>\$ 22,086,348</u>	<u>\$ 21,883,535</u>
Increase (decrease) in net position	<u>\$ 3,294,089</u>	<u>\$ 29,576</u>
Net position, July 1	<u>\$ 8,882,020</u>	<u>\$ 8,852,444</u>
Net position, June 30	<u>\$ 12,176,109</u>	<u>\$ 8,882,020</u>

## **Government-wide Financial Analysis: (Continued)**

Key elements of this increase are as follows:

Total revenues increased by \$3,467,326 over the prior year. In 2014, the construction of a new Dominion Virginia Power Plant in the County resulted in an increase in local sales tax, which was the driving factor of a \$2,413,195 increase in other local taxes over 2013. In 2015, this category decreased \$964,385. In 2016, this category decreased another \$1,169,041; however, general property taxes increased by \$2,085,212. This was driven by an increase in public service corporation (PSC) taxes related to the new Power Plant. The same is true for 2017 with general property taxes showing a \$2,559,513 increase, driven by a \$2,280,118 increase in PSC tax assessments. Another significant change was an increase of \$644,978 in charges for services related to increased court fines and forfeitures. Most other revenues showed modest changes.

Total expenses increased by \$202,813 over the prior year. General government administration and public works showed increases of \$263,568 and \$304,886, respectively. Conversely, education and community development showed decreases of \$380,803 and \$332,913, respectively. Some fluctuations are related to projects underway, such as a new CDBG project for Flat Rock Road and the Byways Visitor Center project. Other functions showed modest changes.

## **Financial Analysis of the County's Funds**

As noted earlier, the County uses 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, unassigned 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 \$16,120,168, an increase of \$1,963,898 in comparison with the prior year. Approximately 83% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is segregated to indicate that it is not available for new spending because it has already been committed or assigned.

## **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget of the general fund was an increase of \$1,028,030 in expenditures and can be briefly summarized as follows:

- \$563,649 in increases for public safety
- \$220,138 in increases for public works
- \$280,967 in decreases for education
- \$396,186 in increases for principal reduction of debt (one time principal payment)
- \$129,024 in other increases

Of this increase, \$784,606 was to be funded from miscellaneous revenues. The remaining \$183,522 was to come from other revenue increases with the excess replenishing fund balance from available fund balance. During the year, however, expenditures were less than budgetary estimates by \$553,186, thus eliminating the need to draw upon existing fund balance.

## **Capital Asset and Debt Administration**

**Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2017 amounted to \$15,309,384 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, and machinery and equipment. The County's capital assets increased by \$436,641 during the current fiscal year, while accumulated depreciation increased by \$798,737, resulting in a net decrease of \$362,096. Additions included several new vehicles, including five vehicles for the sheriff's office (one which was later totaled), a new vehicle for Social Services, a dehumidifier for the Courthouse and the installation of an E-summons system. The Byways Visitor Center Project was still in progress at year end. This project is being funded by a VDOT and Tobacco grant.

Additional information on the County's capital assets can be found in note 7 of this report.

**Long-term debt and other obligations** - At the end of the current fiscal year, the County had total long-term debt and other obligations outstanding of \$20,155,607 for its governmental operations. Of this amount \$11,439,564 comprises obligations backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations (\$8,716,043) represents bonds secured solely by specified revenue sources (i.e., revenue bonds and QZABs).

The County's total debt and other long-term obligations outstanding decreased by \$1,275,419 during the current fiscal year. Required payments made on outstanding principal balances and a one-time principal payment made with unspent bond proceeds contributed to the decrease.

Additional information on County of Brunswick, Virginia's long-term debt can be found in Note 9 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the County is currently 5.4 percent, which is a slight decrease from a rate of 5.5 percent a year ago. This is slightly higher than the state's average unemployment rate of 3.5 percent and the national average rate of 4.1 percent.
- Inflationary trends in the region compare favorably to national indices.

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

The County's fiscal year 2018 budget amounted to \$21,336,302 (net of interfund transfers and transfers to the Component Unit School Board and does not include expenditures of the Component Unit School Board).

## **Requests for Information**

This financial report is designed to provide a general overview of the County of Brunswick, 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, 228 North Main Street, P.O. Box 399, Lawrenceville, Virginia 23868.

## **Basic Financial Statements**

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## **Government-wide Financial Statements**

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Statement of Net Position  
June 30, 2017

	Primary Government		Component Units	
	Governmental Activities	School Board	IDA	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,219,778	\$ 1,550,716	\$ 3,562,829	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	644,969	-	-	
Accounts receivable	321,909	36,159	104,131	
Due from component units	500,000	-	-	
Due from other governmental units	968,425	991,032	-	
Inventories	4,820	-	-	
Restricted assets:				
Cash and cash equivalents	281,335	-	225,178	
Investments (in custody of others)	1,977,370	-	-	
Other assets:				
Land and improvements held for sale	-	-	2,659,004	
Investment in industrial assets	-	-	7,875,021	
Leases receivable	-	-	410,764	
Net pension asset	-	-	37,879	
Capital assets (net of accumulated depreciation):				
Land	716,374	25,822	41,048	
Buildings and improvements	11,663,494	6,620,476	459,412	
Machinery, equipment, and vehicles	1,845,815	699,179	3,072	
Intangibles	153,992	-	-	
Construction in progress	929,709	-	-	
Total assets	\$ 33,227,990	\$ 9,923,384	\$ 15,378,338	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension contributions subsequent to measurement date	\$ 508,506	\$ 1,406,686	\$ -	
Items related to measurement of net pension liability (asset)	418,898	1,128,444	9,194	
Total deferred outflows of resources	\$ 927,404	\$ 2,535,130	\$ 9,194	
<b>LIABILITIES</b>				
Accounts payable	\$ 510,365	\$ 150,977	\$ 5,051	
Accrued liabilities	-	1,843,802	-	
Retainage payable	18,683	-	-	
Escrow accounts	-	-	31,924	
Accrued interest payable	844,403	-	-	
Due to primary government	-	-	500,000	
Long-term liabilities:				
Due within one year	903,858	54,078	98,952	
Due in more than one year	19,251,749	18,432,542	50,592	
Total liabilities	\$ 21,529,058	\$ 20,481,399	\$ 686,519	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on sale-leaseback	\$ -	\$ -	\$ 15,834	
Items related to measurement of net pension liability/asset	450,227	2,374,948	-	
Total deferred inflows of resources	\$ 450,227	\$ 2,374,948	\$ 15,834	
<b>NET POSITION</b>				
Net investment in capital assets	\$ 7,408,157	\$ 7,345,477	\$ 8,229,009	
Restricted:				
Anti-litter	275	-	-	
Electronic summons	9,506	-	-	
Emergency Services	5,050	-	-	
Law library	23,312	-	-	
Drug enforcement	106,361	-	-	
Courthouse maintenance	64,864	-	-	
Courthouse security	58,000	-	-	
CSA administration	9,130	-	-	
Unrestricted (deficit)	4,491,454	(17,743,310)	6,456,170	
Total net position	\$ 12,176,109	\$ (10,397,833)	\$ 14,685,179	

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

COUNTY OF BRUNSWICK, VIRGINIA

Statement of Activities  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 1,822,713	\$ 54,364	\$ 207,970	\$ -
Judicial administration	1,459,765	1,698,809	562,459	-
Public safety	7,167,141	184,626	1,312,033	-
Public works	1,704,854	390,224	12,089	-
Health and welfare	2,980,849	-	2,197,784	-
Education	5,434,742	-	-	60,538
Parks, recreation, and cultural	255,735	-	5,000	516,580
Community development	677,268	1,762	-	105,069
Interest on long-term debt	583,281	-	-	-
Total governmental activities	<u>\$ 22,086,348</u>	<u>\$ 2,329,785</u>	<u>\$ 4,297,335</u>	<u>\$ 682,187</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 22,278,752	\$ 179,443	\$ 17,072,771	\$ -
Industrial Development Authority	614,821	398,599	-	-
Total component units	<u>\$ 22,893,573</u>	<u>\$ 578,042</u>	<u>\$ 17,072,771</u>	<u>\$ -</u>

General revenues:  
 General property taxes  
 Local sales and use taxes  
 Consumer's utility taxes  
 Motor vehicle licenses  
 Other local taxes  
 Payment from County of Brunswick  
 Unrestricted revenues from use of money and property  
 Miscellaneous  
 Grants and contributions not restricted to specific programs  
 Gain on disposal of capital assets  
 Total general revenues  
 Change in net position  
 Net position - beginning  
 Net position - ending

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

Exhibit 2

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary</b>	<b>Component Units</b>		
<b>Government</b>			
<b>Governmental</b>	<b>School</b>		
<b>Activities</b>	<b>Board</b>	<b>IDA</b>	
\$ (1,560,379)			
801,503			
(5,670,482)			
(1,302,541)			
(783,065)			
(5,374,204)			
265,845			
(570,437)			
(583,281)			
<u>\$ (14,777,041)</u>			
	\$ (5,026,538)	\$ -	
	-	(216,222)	
	<u>\$ (5,026,538)</u>	<u>\$ (216,222)</u>	
\$ 14,348,055	\$ -	\$ -	
880,557	-	-	
256,889	-	-	
307,661	-	-	
172,488	-	-	
-	5,342,346	263,048	
139,209	900	10,642	
111,396	378,047	-	
1,825,375	-	-	
29,500	-	1,500	
<u>\$ 18,071,130</u>	<u>\$ 5,721,293</u>	<u>\$ 275,190</u>	
3,294,089	694,755	58,968	
8,882,020	(11,092,588)	14,626,211	
<u>\$ 12,176,109</u>	<u>\$ (10,397,833)</u>	<u>\$ 14,685,179</u>	

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## **Fund Financial Statements**

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Balance Sheet  
 Governmental Funds  
 June 30, 2017

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,871,816	\$ -	\$ 347,962	\$ -	\$ -	\$ 13,219,778
Receivables (net of allowance for uncollectibles):						
Taxes receivable	644,969	-	-	-	-	644,969
Accounts receivable	313,707	-	-	-	8,202	321,909
Due from other funds	349,671	-	-	-	-	349,671
Due from component unit	500,000	-	-	-	-	500,000
Due from other governmental units	535,414	135,000	-	220,699	77,312	968,425
Inventories	-	-	-	-	4,820	4,820
Restricted assets:						
Cash and cash equivalents	-	-	-	281,335	-	281,335
Investments	-	-	1,977,370	-	-	1,977,370
Total assets	<u>\$ 15,215,577</u>	<u>\$ 135,000</u>	<u>\$ 2,325,332</u>	<u>\$ 502,034</u>	<u>\$ 90,334</u>	<u>\$ 18,268,277</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 390,473	\$ 6,113	\$ -	\$ 46,959	\$ 66,820	\$ 510,365
Retainage payable	10,683	-	-	8,000	-	18,683
Accrued interest payable	-	-	676,799	-	-	676,799
Due to other funds	-	128,887	-	210,825	9,959	349,671
Total liabilities	<u>\$ 401,156</u>	<u>\$ 135,000</u>	<u>\$ 676,799</u>	<u>\$ 265,784</u>	<u>\$ 76,779</u>	<u>\$ 1,555,518</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	\$ 592,591	\$ -	\$ -	\$ -	\$ -	\$ 592,591
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 4,820	\$ 4,820
Long-term loans and advances	500,000	-	-	-	-	500,000
Restricted:						
Anti-litter	275	-	-	-	-	275
Electronic summons	9,506	-	-	-	-	9,506
Emergency Services	5,050	-	-	-	-	5,050
Law library	23,312	-	-	-	-	23,312
Drug enforcement	106,361	-	-	-	-	106,361
Courthouse maintenance	64,864	-	-	-	-	64,864
Courthouse security	58,000	-	-	-	-	58,000
Debt service funds - QZABs	-	-	1,300,571	-	-	1,300,571
CSA administration	-	-	-	-	9,130	9,130
Committed:						
Debt service funds	-	-	347,962	-	-	347,962
Assigned:						
DMV Select	189	-	-	-	-	189
Water safety	4,150	-	-	-	-	4,150
Other capital projects	-	-	-	236,250	-	236,250
Unassigned:						
General fund	13,450,123	-	-	-	-	13,450,123
Special revenue funds	-	-	-	-	(395)	(395)
Total fund balances	<u>\$ 14,221,830</u>	<u>\$ -</u>	<u>\$ 1,648,533</u>	<u>\$ 236,250</u>	<u>\$ 13,555</u>	<u>\$ 16,120,168</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,215,577</u>	<u>\$ 135,000</u>	<u>\$ 2,325,332</u>	<u>\$ 502,034</u>	<u>\$ 90,334</u>	<u>\$ 18,268,277</u>

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

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
June 30, 2017

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	16,120,168	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	716,374	
Buildings and improvements		11,663,494	
Machinery, equipment, and vehicles		1,845,815	
Intangibles		153,992	
Construction in progress		<u>929,709</u>	15,309,384
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
			592,591
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.			
			508,506
Items related to measurement of the net pension liability are considered deferred outflows or inflows and will be amortized and recognized in pension expense over future years.			
Deferred outflows of resources	\$	418,898	
Deferred inflows of resources		<u>(450,227)</u>	(31,329)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Lease revenue bonds	\$	(6,902,814)	
General obligation bonds		(5,044,228)	
Plus: Premium on issuance		(54,279)	
Qualified zone academy bonds		(1,813,229)	
Landfill closure/postclosure liability		(622,422)	
Early retirement incentive costs		(236,100)	
Brodnax sewer capacity agreement		(157,248)	
Compensated absences		(625,193)	
Net pension liability		(4,422,927)	
Net OPEB obligation		(277,167)	
Accrued interest payable		<u>(167,604)</u>	<u>(20,323,211)</u>
Net position of governmental activities	\$		<u><u>12,176,109</u></u>

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

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

<b>REVENUES</b>	<b>General</b>	<b>Virginia Public Assistance</b>	<b>Debt Service</b>	<b>County Capital Improve- ments</b>	<b>Other Govern- mental Funds</b>	<b>Total</b>
General property taxes	\$ 14,257,624	\$ -	\$ -	\$ -	\$ -	\$ 14,257,624
Other local taxes	1,617,595	-	-	-	-	1,617,595
Permits, privilege fees, and regulatory licenses	75,261	-	-	-	-	75,261
Fines and forfeitures	1,342,861	-	-	-	-	1,342,861
Revenue from the use of money and property	88,206	-	47,860	1,493	1,650	139,209
Charges for services	911,512	-	-	-	151	911,663
Miscellaneous	109,630	1,285	-	-	481	111,396
Recovered costs	233,784	-	-	-	8,202	241,986
Intergovernmental:						
Commonwealth	3,840,151	561,860	-	344,900	462,581	5,209,492
Federal	144,087	1,111,127	60,538	266,059	13,594	1,595,405
Total revenues	<u>\$ 22,620,711</u>	<u>\$ 1,674,272</u>	<u>\$ 108,398</u>	<u>\$ 612,452</u>	<u>\$ 486,659</u>	<u>\$ 25,502,492</u>
<b>EXPENDITURES</b>						
Current:						
General government administration	\$ 1,576,848	\$ -	\$ -	\$ -	\$ -	\$ 1,576,848
Judicial administration	1,450,499	-	-	-	-	1,450,499
Public safety	7,260,047	-	-	-	-	7,260,047
Public works	1,643,474	-	-	-	27,563	1,671,037
Health and welfare	201,761	2,016,190	-	-	808,106	3,026,057
Education	4,830,505	-	-	-	-	4,830,505
Parks, recreation, and cultural	229,720	-	-	-	-	229,720
Community development	579,735	-	-	-	-	579,735
Capital projects	7,500	-	-	781,683	-	789,183
Debt service:						
Principal retirement	1,087,722	-	479,077	-	-	1,566,799
Interest and other fiscal charges	281,005	-	322,159	-	-	603,164
Total expenditures	<u>\$ 19,148,816</u>	<u>\$ 2,016,190</u>	<u>\$ 801,236</u>	<u>\$ 781,683</u>	<u>\$ 835,669</u>	<u>\$ 23,583,594</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,471,895</u>	<u>\$ (341,918)</u>	<u>\$ (692,838)</u>	<u>\$ (169,231)</u>	<u>\$ (349,010)</u>	<u>\$ 1,918,898</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 396,186	\$ 341,918	\$ 626,706	\$ -	\$ 323,986	\$ 1,688,796
Transfers out	(1,292,610)	-	-	(396,186)	-	(1,688,796)
Sale of capital assets	45,000	-	-	-	-	45,000
Total other financing sources (uses)	<u>\$ (851,424)</u>	<u>\$ 341,918</u>	<u>\$ 626,706</u>	<u>\$ (396,186)</u>	<u>\$ 323,986</u>	<u>\$ 45,000</u>
Net change in fund balances	\$ 2,620,471	\$ -	\$ (66,132)	\$ (565,417)	\$ (25,024)	\$ 1,963,898
Fund balances - beginning	11,601,359	-	1,714,665	801,667	38,579	14,156,270
Fund balances - ending	<u>\$ 14,221,830</u>	<u>\$ -</u>	<u>\$ 1,648,533</u>	<u>\$ 236,250</u>	<u>\$ 13,555</u>	<u>\$ 16,120,168</u>

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

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

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

Net change in fund balances - total governmental funds \$ 1,963,898

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 capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 1,035,425	
Depreciation	(766,085)	
Adjustment for jointly owned assets	(450,077)	
Depreciation adjustment for jointly owned assets	<u>(125,580)</u>	(306,317)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.

Capital asset disposals	\$ (148,707)	
Depreciation adjustment for disposals	<u>92,928</u>	(55,779)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable property taxes is reported as revenues in the governmental funds. 90,431

The change in deferred inflows related to the measurement of the net pension liability is not reported in governmental funds.

Deferred outflows of resources	\$ 418,898	
Deferred inflows of resources	<u>14,234</u>	433,132

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 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. This amount is the net effect of these differences in the treatment of long-term obligations and related items.

Amortization of premium on issuance	\$ 11,983	
Payment of principal	1,566,799	
Increase in landfill closure/postclosure care liability	<u>(7,988)</u>	1,570,794

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.

Compensated absences	\$ (71,217)	
Net pension liability	(187,734)	
Deferred outflows - pension contributions subsequent to measurement date	(114,595)	
Net OPEB obligation	(36,424)	
Amortization of deferred charge on refunding	(10,302)	
Accrued interest payable	<u>18,202</u>	<u>(402,070)</u>

Change in net position of governmental activities \$ 3,294,089

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2017

	<u>Agency Funds</u>
<b>ASSETS</b>	
<hr/>	
Cash and cash equivalents	\$ 30,756
Total assets	\$ <u>30,756</u>
<b>LIABILITIES</b>	
<hr/>	
Amounts held for social services clients	\$ 652
Amounts held for others	7,349
Escrow deposits payable	<u>22,755</u>
Total liabilities	\$ <u>30,756</u>

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

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# COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2018

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## **Note 1–Summary of Significant Accounting Policies:**

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County of Brunswick, Virginia was formed in 1720 and 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 County of Brunswick, 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, effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The statement of net position is designed to display the financial position of the 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.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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

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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. Budgetary comparison information is included in the annual report, including the government's original budget and a comparison of final budget and actual results.

#### **A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general purpose 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 County of Brunswick, 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 Unit.* The County has no blended component units to be included for the fiscal year ended June 30, 2017.

The School Board members are elected by the citizens of Brunswick County and are responsible for the operations of the County's School System. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2017.

The Brunswick County Industrial Development Authority assists in promoting Brunswick County for Industrial Development. The Authority is comprised of members that are appointed by the County's Board of Supervisors. Accordingly, the Authority is considered a component unit of the County and is included as a discrete presentation in the County's financial report. A complete set of financial statements for the Industrial Development Authority is available from the Authority.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 1–Summary of Significant Accounting Policies: (Continued)

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#### C. Other Related Organizations

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

##### Jointly Governed Organizations

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representatives from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization.

The financial activities of the following organizations are excluded from the accompanying financial statements for the reasons indicated:

##### Meherrin Regional Library

The Meherrin Regional Library is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The Counties of Brunswick, Greenville and the City of Emporia provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints five (5) of the ten (10) members of the Board. The County provided \$184,838 in operating funds to the Library in 2017.

##### Southside Community Services Board

The Board, created by resolution pursuant to state statute, is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The County appoints two of the board members; however, the County cannot impose its will on the Board since it does not have the ability to modify or approve the budget or overrule or modify the decisions of the Board. The Board is fiscally independent and there is no financial benefit or burden relationship with the County. Therefore, it is not included in the County's financial statements. Brunswick County contributed \$78,498 as operating grants to the Southside Community Services Board for the fiscal year ended June 30, 2017.

##### Meherrin River Regional Jail Authority

The Authority, created by resolution pursuant to state statute, is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The Counties of Brunswick, Dinwiddie, and Mecklenburg participate in the Authority. The County Administrator and Sheriff of each participating locality serve on the Authority; however, the Authority is fiscally independent and there is no financial benefit or burden relationship with the participating localities. Therefore, it is not included in the County's financial statements. The regional jail bills each participating locality a per diem rate based upon the number of inmates housed at the facility. The per diem rates include components for both operating and debt service expenses. Brunswick County paid \$2,432,053 to the Jail for the fiscal year ended June 30, 2017.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### **Note 1–Summary of Significant Accounting Policies: (Continued)**

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#### **C. Other Related Organizations: (Continued)**

##### Obtaining of Financial Statements for Jointly Governed Organizations

Complete financial statements of the jointly governed organizations may be obtained by contacting the County of Brunswick, Virginia, County Administrator, P.O. Box 399, 228 North Main Street, Lawrenceville, VA 23868.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. 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. Revenues from general purpose grants received on a reimbursement basis are recognized in the period to which the grant applies. 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.

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.

# COUNTY OF BRUNSWICK, VIRGINIA

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

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

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

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 governmental funds.

##### a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial resources except those required to be 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 are used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

##### b. Special Revenue Funds

The Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds consist of the Virginia Public Assistance Fund, the Airport Commission Fund, and the Comprehensive Services Act Fund. Only the Virginia Public Assistance Fund is considered a major fund at June 30, 2017.

##### c. Capital Projects Fund

The Capital Projects Funds account for and report all 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. The county capital improvements fund is considered a major fund.

##### d. Debt Service Fund

The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should also be used to report financial resources being accumulated for future debt service. The school debt service fund is considered a major fund.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 1–Summary of Significant Accounting Policies: (Continued)

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

##### 2. Fiduciary Funds (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds consisting of the special welfare fund, sheriff funds, and the bond escrow fund. 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. These funds utilize the accrual basis of accounting.

##### 3. Component Unit:

The Brunswick County School Board has the following funds:

###### Governmental Funds:

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

Special Revenue Funds: Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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 major fund.

Capital Projects Fund: Capital projects funds account for and report 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.

School Capital Projects Fund – This fund accounts for all financial resources used for the acquisition or construction of major capital needs. This fund had no activity in fiscal year 2017.

#### 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.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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

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#### **E. Budgets and Budgetary Accounting: (Continued)**

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, Comprehensive Services Act Fund, VPA Fund, Airport Fund, the General Capital Projects Fund and the Debt Service Fund of the primary government and the School Operating Fund, School Cafeteria Fund and School Capital Projects Fund of the 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 budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget. Expenditures in the Health and Welfare function of the general fund exceeded appropriations at year-end.
9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following the procedures used in the adoption of the original budget. There were no budget amendments during the year that exceeded the 1% limitation. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

#### **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**

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. All other investments are stated at fair value. Restricted investments include amounts set aside in a sinking fund to repay qualified zone academy bonds. Under the terms of the Forward Delivery Agreement, the County will invest the Sinking Fund Deposit in securities delivered by Bank of America via payment through a 3rd party custodian for a guaranteed fixed rate of return as outlined in the Funding Agreement. The Sinking Fund will be invested in legal investments for public sinking funds under the Virginia Investment of Public Funds Act. Related to the QZABs, annual deposits of \$56,896 and \$78,893 will be made into sinking funds earning interest at 3.2% and 2.0%, respectively resulting in \$1,077,000 and \$1,536,671, respectively at maturity to satisfy the outstanding obligations.

**COUNTY OF BRUNSWICK, VIRGINIA**

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

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

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**H. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “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 \$141,200 at June 30, 2017 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 December 5th. The County bills and collects its own property taxes.

**I. Capital Assets**

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

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

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

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

<u>Assets</u>	<u>Years</u>
Building improvements	20-40
Buildings	40
Buses	8
Intangibles	35-40
Office and computer equipment	5
Police vehicles	3
Vehicles	5

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 1–Summary of Significant Accounting Policies: (Continued)

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#### 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 Governmental 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.

An estimate of ten percent of the liability has been classified as current in the government-wide financial statements.

#### 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 debt 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;
- 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.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 1–Summary of Significant Accounting Policies: (Continued)

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#### L. Fund Equity: (Continued)

When fund balance resources are available for a specific purpose in more than one classification, it is generally 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 an ordinance/resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the 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) or other official to which the Board has delegated the authority to assign amounts including but limited to the County Administrator and the Director of Finance.

#### M. Inventories and Prepaid Items

All inventories are valued at the lower of cost (first-in, first-out) or market. Inventory in the Airport Fund consists of fuel held for sale.

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

#### N. 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.

#### O. 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 one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments. It is also comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. For more detailed information on the pension related items, reference the pension note.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 1–Summary of Significant Accounting Policies: (Continued)

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#### O. Deferred Outflows/Inflows of Resources: (Continued)

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 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on the pension related items, reference the pension note.

#### P. Pensions

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

#### Q. 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.

#### R. 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.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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

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#### S. Upcoming Pronouncements

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

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

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

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

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

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 1–Summary of Significant Accounting Policies: (Continued)

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#### S. Upcoming Pronouncements: (Continued)

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

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

### Note 2–Deposits and Investments:

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#### Deposits

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

#### Investments

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

#### Custodial Credit Risk (Investments)

The County's investments at June 30, 2017 were held in the County's name by the County's custodial banks.

#### Credit Risk of Debt Securities

The County's policy stipulates that investments in prime quality institutions must be rated no lower than A-1 by Standard & Poor's Inc., no lower than AA by Moody's Investors Service, Inc., and no lower than Aa by Moody's. Investments in high quality corporate notes must be rated no lower than AA by Standard & Poor's and no lower than Aa by Moody's.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 2—Deposits and Investments: (Continued)

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#### Credit Risk of Debt Securities: (Continued)

The County's and IDA's rated debt investments as of June 30, 2017 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

<u>Rated Debt Investments' Values</u>	
<u>Rated Debt Investments</u>	<u>Ratings</u>
	<u>AAAm</u>
Governmental Activities:	
Money market mutual funds	\$ 281,335
Local government investment pool	3,602
Total	<u>\$ 284,937</u>
	<u>AAAm</u>
Component Unit Industrial Development Authority:	
Local government investment pool	<u>\$ 368,840</u>

#### Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 2—Deposits and Investments: (Continued)**

**Fair Value Measurements: (Continued)**

The County has the following recurring fair value measurements as of June 30, 2017:

	<b>Fair Value Measurements Using</b>		
	<b>Quoted Prices in Active Markets or Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>6/30/2017</b>			
Money Market Mutual Funds	\$ <u>281,335</u>	\$ <u>281,335</u>	\$ <u>-</u>

**Interest Rate Risk**

The County's investment policy concerning interest rate risk stipulates that unless matched to a specific cash flow, the County will not directly invest in securities maturing more than five years from the date of purchase. Reserve funds may be invested in securities exceeding 5 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds. There were no investments with interest rate risk at year-end.

<b>Investment Type</b>	<b>Investment Maturities (in years)</b>	
	<b>Value</b>	<b>1 Year</b>
Governmental Activities:		
LGIP	\$ <u>3,602</u>	\$ <u>3,602</u>
Component Unit Industrial Development Authority:		
LGIP	\$ <u>368,840</u>	\$ <u>368,840</u>

**External Investment Pool**

The value of the positions in the external investment pool (Local Government Investment 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 is an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

**Note 3—Property Taxes:**

Real property taxes are assessed on property values as of January 1, and attach as an enforceable lien on property as of the date levied by the Board of Supervisors. Personal property taxes are assessed based on ownership as of January 1.

Real estate and personal property taxes are due on December 5.

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 3—Property Taxes: (Continued)**

A ten percent penalty is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes beginning on their due date.

Property taxes for calendar year 2016 were levied by the County Board of Supervisors on June 15, 2016, on the assessed value listed as of January 1, 2016.

Property taxes levied in the prior year have been recorded as receivables as of the date the County has the legal right to receive payments thereon. The receivables collected during the fiscal year and during the first 60 days of the succeeding fiscal year are recognized as revenues in the current fiscal year. Taxes receivable as of the end of the year (June 30) and not collected until the succeeding year are reported as deferred inflows of resources.

**Note 4—Receivables:**

Receivables at June 30, 2017 consist of the following:

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>			<u>School Board</u>	<u>IDA</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>		
Property taxes	\$ 786,169	\$ -	\$ 786,169	\$ -	\$ -
Allowance for uncollectibles	(141,200)	-	(141,200)	-	-
Net taxes receivable	<u>\$ 644,969</u>	<u>\$ -</u>	<u>\$ 644,969</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts receivable:					
Landfill host fees	\$ 64,993	\$ -	\$ 64,993	\$ -	\$ -
Utility and consumption taxes	24,303	-	24,303	-	-
Courthouse security	15,127	-	15,127	-	-
Court fines	124,351	-	124,351	-	-
Transport billing services	32,429	-	32,429	-	-
Airport recovery	-	8,202	8,202	-	-
Expenditure refunds	5,126	-	5,126	14,265	-
Other	47,378	-	47,378	21,894	104,131
Total accounts receivable	<u>\$ 313,707</u>	<u>\$ 8,202</u>	<u>\$ 321,909</u>	<u>\$ 36,159</u>	<u>\$ 104,131</u>
Leases receivable:					
Social Services	\$ -	\$ -	\$ -	\$ -	\$ 170,564
Ackerman	-	-	-	-	240,200
Total leases receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,764</u>

As of June 30, 2017, the Ackerman lease had a past due balance of \$25,302.

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 5—Due to/from Component Units:**

<u>Payable Entity</u>	<u>Amount</u>
Component-Unit Industrial Development Authority	\$ <u>500,000</u>

See Note 21 for further details.

**Note 6—Due from Other Governmental Units:**

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

	<u>Governmental Activities</u>			<u>Component Units</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>	<u>School Board</u>	<u>IDA</u>
<b>Commonwealth of Virginia:</b>						
Local sales taxes	\$ 160,615	\$ -	\$ -	\$ 160,615	\$ -	-
State sales taxes	-	-	-	-	411,602	-
Communication sales taxes	64,967	-	-	64,967	-	-
Public assistance	-	46,229	-	46,229	-	-
Comprehensive services	-	75,649	-	75,649	-	-
Shared expenses and grants	207,416	-	-	207,416	-	-
Wireless E911 revenues	22,099	-	-	22,099	-	-
Victim witness	36,086	-	-	36,086	-	-
Other	44,231	-	-	44,231	30,549	-
<b>Federal government:</b>						
Public assistance	-	88,771	-	88,771	-	-
CDBG funds	-	-	60,631	60,631	-	-
VDOT grant	-	-	147,970	147,970	-	-
Title I	-	-	-	-	172,080	-
Title VI-B	-	-	-	-	121,134	-
Teacher quality	-	-	-	-	73,307	-
E-Rate project	-	-	-	-	22,293	-
Nutrition	-	-	-	-	49,511	-
Twenty-first century	-	-	-	-	40,585	-
Preschool	-	-	-	-	42,307	-
Other	-	1,663	12,098	13,761	27,664	-
Total	<u>\$ 535,414</u>	<u>\$ 212,312</u>	<u>\$ 220,699</u>	<u>\$ 968,425</u>	<u>\$ 991,032</u>	<u>\$ -</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 7—Capital Assets:**

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

**Primary Government:**

	<b>Balance July 1, 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2017</b>
Capital assets not being depreciated:				
Land	\$ 731,874	\$ -	\$ 15,500	\$ 716,374
Construction in Progress	278,850	650,859	-	929,709
Total capital assets not being depreciated	<u>\$ 1,010,724</u>	<u>\$ 650,859</u>	<u>\$ 15,500</u>	<u>\$ 1,646,083</u>
Other capital assets:				
Buildings and improvements	\$ 12,275,793	\$ -	\$ -	\$ 12,275,793
Machinery, equipment and vehicles	5,956,097	384,566	133,207	6,207,456
Intangibles	344,214	-	-	344,214
Jointly owned assets	7,307,534	-	450,077	6,857,457
Total other capital assets	<u>\$ 25,883,638</u>	<u>\$ 384,566</u>	<u>\$ 583,284</u>	<u>\$ 25,684,920</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,044,662	\$ 311,366	\$ -	\$ 5,356,028
Machinery, equipment and vehicles	4,008,908	445,661	92,928	4,361,641
Intangibles	181,164	9,058	-	190,222
Jointly owned assets	1,988,148	243,551	117,971	2,113,728
Total accumulated depreciation	<u>\$ 11,222,882</u>	<u>\$ 1,009,636</u>	<u>\$ 210,899</u>	<u>\$ 12,021,619</u>
Other capital assets, net	<u>\$ 14,660,756</u>	<u>\$ (625,070)</u>	<u>\$ 372,385</u>	<u>\$ 13,663,301</u>
Net capital assets	<u>\$ 15,671,480</u>	<u>\$ 25,789</u>	<u>\$ 387,885</u>	<u>\$ 15,309,384</u>

Capital assets include idle assets with a carrying value of \$11,921 as of June 30, 2017.

Depreciation is allocated to:

General government administration	\$ 225,178
Judicial administration	4,243
Public safety	356,313
Public works	125,028
Health and welfare	29,308
Education	243,551
Parks and recreation	26,015
Total	<u>\$ 1,009,636</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 7—Capital Assets: (Continued)**

**Component Unit-School Board:**

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 25,822	\$ -	\$ -	\$ 25,822
Total capital assets not being depreciated	\$ 25,822	\$ -	\$ -	\$ 25,822
Other capital assets:				
Buildings and improvements	\$ 9,316,674	\$ -	\$ -	\$ 9,316,674
Machinery, equipment and vehicles	5,277,584	62,572	-	5,340,156
Jointly owned assets	5,188,938	450,077	-	5,639,015
Total other capital assets	\$ 19,783,196	\$ 512,649	\$ -	\$ 20,295,845
Accumulated depreciation:				
Buildings and improvements	\$ 6,202,179	\$ 116,103	\$ -	\$ 6,318,282
Machinery, equipment and vehicles	4,370,925	270,052	-	4,640,977
Jointly owned assets	1,791,849	225,082	-	2,016,931
Total accumulated depreciation	\$ 12,364,953	\$ 611,237	\$ -	\$ 12,976,190
Other capital assets, net	\$ 7,418,243	\$ (98,588)	\$ -	\$ 7,319,655
Net capital assets	\$ 7,444,065	\$ (98,588)	\$ -	\$ 7,345,477
Depreciation is allocated to education		\$ 611,237		

1) Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia (1950), as amended, has changed the reporting of local capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Brunswick, Virginia for the year ended June 30, 2017, is that school financed assets in the amount of \$4,743,729 net are reported in the Primary Government for financial reporting purposes.

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 7–Capital Assets: (Continued)**

**Component Unit-Industrial Development Authority:**

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated:				
Land	\$ 41,048	\$ -	\$ -	\$ 41,048
Other capital assets:				
Buildings	\$ 398,836	\$ 153,922	\$ -	\$ 552,758
Improvements	26,022	-	-	26,022
Machinery, equipment and vehicles	37,659	-	-	37,659
Total other capital assets	\$ 462,517	\$ 153,922	\$ -	\$ 616,439
Accumulated depreciation:				
Buildings	\$ 83,119	\$ 10,227	\$ -	\$ 93,346
Improvements	26,022	-	-	26,022
Machinery, equipment and vehicles	33,627	960	-	34,587
Total accumulated depreciation	\$ 142,768	\$ 11,187	\$ -	\$ 153,955
Other capital assets, net	\$ 319,749	\$ 142,735	\$ -	\$ 462,484
Net capital assets	\$ 360,797	\$ 142,735	\$ -	\$ 503,532
Depreciation is allocated to the Industrial Development Authority			\$ 11,187	

**Note 8–Unearned and Unavailable Revenue:**

The government’s unavailable and unearned revenue consist of the following at June 30, 2017:

	<u>Government-wide Statements</u>		
	<u>Governmental Activities</u>	<u>Component Unit Industrial Development Authority</u>	<u>Balance Sheet Governmental Funds</u>
<b>Primary Government:</b>			
Unavailable property tax revenue:			
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ -	\$ 592,591
<b>Component Unit Industrial Development Authority:</b>			
Deferred gain on sale-leaseback:			
Long-term profit on sale of building amortized annually through 2022	\$ -	\$ 15,834	\$ -

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 9—Long-Term Obligations:**

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

	<u>Balance July 1, 2016</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2017</u>
Primary Government:				
Bonds payable:				
Lease revenue bonds	\$ 7,981,800	\$ -	\$ 1,078,986	\$ 6,902,814
General obligation bonds:				
School	5,494,305	-	450,077	5,044,228
Premium on issuance	66,262	-	11,983	54,279
Qualified Zone Academy Bonds	1,813,229	-	-	1,813,229
Total bonds payable	\$ 15,355,596	\$ -	\$ 1,541,046	\$ 13,814,550
Early retirement incentive costs	265,100	-	29,000	236,100
Sewer capacity agreement	165,984	-	8,736	157,248
Landfill closure/postclosure liability	614,434	7,988	-	622,422
Compensated absences	553,976	71,217	-	625,193
Net pension liability	4,235,193	1,880,847	1,693,113	4,422,927
Net OPEB obligation	240,743	54,124	17,700	277,167
Total obligations from governmental activities	<u>\$ 21,431,026</u>	<u>\$ 2,014,176</u>	<u>\$ 3,289,595</u>	<u>\$ 20,155,607</u>
Component Units:				
School Board				
Compensated absences	\$ 573,202	\$ -	\$ 32,425	\$ 540,777
Net pension liability	15,962,618	5,479,484	3,946,985	17,495,117
Net OPEB obligation	410,038	79,788	39,100	450,726
Total payable from School Board	<u>\$ 16,945,858</u>	<u>\$ 5,559,272</u>	<u>\$ 4,018,510</u>	<u>\$ 18,486,620</u>
Industrial Development Authority				
Town of Lawrenceville loan agreement	\$ 245,593	\$ -	\$ 96,049	\$ 149,544
Total payable from IDA	<u>\$ 245,593</u>	<u>\$ -</u>	<u>\$ 96,049</u>	<u>\$ 149,544</u>
Total obligations from component units	<u>\$ 17,191,451</u>	<u>\$ 5,559,272</u>	<u>\$ 4,114,559</u>	<u>\$ 18,636,164</u>
Total long-term obligations	<u>\$ 38,622,477</u>	<u>\$ 7,573,448</u>	<u>\$ 7,404,154</u>	<u>\$ 38,791,771</u>

Reconciliation to Exhibit 1:

	<u>Component Units</u>			<u>Total</u>
	<u>Primary Government</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	
Long-term liabilities:				
Due within one year	\$ 903,858	\$ 54,078	\$ 98,952	\$ 1,056,888
Due in more than one year	19,251,749	18,432,542	50,592	37,734,883
Total long-term obligations	<u>\$ 20,155,607</u>	<u>\$ 18,486,620</u>	<u>\$ 149,544</u>	<u>\$ 38,791,771</u>

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### **Note 9—Long-Term Obligations: (Continued)**

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#### **Primary Government:**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 841,339	\$ 574,749
2019	1,529,655	533,230
2020	2,015,977	474,370
2021	891,669	430,458
2022	915,173	399,448
2023-2027	4,132,196	1,500,764
2028-2032	2,887,680	738,627
2033-2035	994,209	43,976
Total	\$ <u>14,207,898</u>	\$ <u>4,695,622</u>

Note: The above includes long-term obligations, deferred charges, premiums, and early retirement incentive costs. Compensated absences, OPEB, capital leases, and landfill closure/postclosure liability are not included.

#### **Industrial Development Authority:**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 98,952	\$ 3,750
2019	50,592	758
Total	\$ <u>149,544</u>	\$ <u>4,508</u>

#### **Federal Arbitrage Regulations:**

The County is in compliance with federal arbitrage regulations. Any arbitrage amounts that may be required to be paid are not material to the financial statements.

#### **Moral Obligations:**

If the Meherrin River Regional Jail Authority lacks sufficient funds to pay scheduled Debt Service on the Bonds and Notes, or to pay any debt service reserve funding requirements, the Authority will promptly notify the Member Jurisdictions of the amount of such insufficiency. Upon such notification, the Member Jurisdictions each agree to pay, subject to certain conditions, a portion of such deficit equal to its Debt Service Component percentage then in effect. Any such payment will be subject to the appropriation of funds by the governing body of each Member Jurisdiction and shall constitute a moral non-binding payment obligation. The obligations of the Members shall expire only upon the payment of the Bonds and Notes or such earlier date provided therefore, if any, in the documents under which the bonds and notes are issued. In no event shall the obligation of any Member Jurisdiction be deemed to constitute a debt within the meaning of the Constitution of Virginia.

COUNTY OF BRUNSWICK, VIRGINIA

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

**Note 9—Long-Term Obligations: (Continued)**

**Moral Obligations: (Continued)**

The Member Moral Obligation of the County and other Member Jurisdictions was extended to payment of the Note on the same proportionate basis as such commitment was made to the VRA Bond and the Carter Bank Note. The balance of outstanding debt at 6/30/17 was \$37,700,000.

**Details of Long-Term Obligations:**

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<b><u>Governmental Activities:</u></b>		
<b><u>Lease Revenue Bonds:</u></b>		
\$3,000,000 Lease revenue bonds (old courthouse renovation project), payable in various annual installments ranging from \$106,000 to \$193,000, due on January 1 through 2032 with final payment due on 10/31/2032, interest payable semi-annually at a rate of 2.70%	\$ 2,132,814	\$ 128,000
\$5,175,000 Lease revenue bonds (Rt 58 infrastructure), payable in various annual installments ranging from \$200,000 to \$395,000, due on October 1 2015 through 2033, interest payable semi-annually at rates of .720% to 5.121%, due on April and October 1 from April 1, 2014 through October 2033.	<u>4,770,000</u>	<u>205,000</u>
Total lease revenue bonds	\$ <u>6,902,814</u>	\$ <u>333,000</u>
<b><u>General Obligation School Bonds:</u></b>		
\$1,388,892 School Bonds, 2003, issued November 6, 2003, maturing in various annual installments of \$52,738 to \$88,640 through July 15, 2023, interest payable semi-annually at 3.10%-5.35%	\$ 569,995	\$ 74,840
Plus: Premium on issuance	11,618	2,998
\$6,009,753 School Bonds, 2006, issued November 9, 2006, maturing in various annual installments of \$229,192 to \$370,235 through July 15, 2026, interest payable semi-annually at 4.225%-5.100%	3,344,233	303,886
Plus: Premium on issuance	42,661	7,779
\$1,530,000 School Bonds, 2011, issued December 1, 2011, maturing in various annual installments of \$80,000 to \$85,000 through December 1, 2030, interest payable semi-annually at 4.25% to be refunded by a Federal Tax Credit	<u>1,130,000</u>	<u>80,000</u>
Total general obligation school bonds	\$ <u>5,098,507</u>	\$ <u>469,503</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 9—Long-Term Obligations: (Continued)**

**Details of Long-Term Obligations: (Continued)**

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<b><u>Governmental Activities: (Continued)</u></b>		
<u>Qualified Zone Academy Bonds:</u>		
\$671,460 Qualified Zone Academy Bond, issued December 29, 2003, maturing on December 29, 2018 with an imputed interest rate of 3.2%. Annual payments of \$56,896 are required to be placed in a sinking fund that will be used to pay the debt in 2018.	\$ 671,460	\$ -
\$1,141,769 Qualified Zone Academy Bond, issued December 31, 2004, maturing on December 30, 2020 with an imputed interest rate of 2%. Annual payments of \$78,338 are required to be placed in a sinking fund that will be used to pay the debt in 2020.	<u>1,141,769</u>	<u>-</u>
Total Qualified Zone Academy Bonds	\$ <u>1,813,229</u>	\$ <u>-</u>
<u>Landfill closure and postclosure care liability</u>	\$ <u>622,422</u>	\$ <u>-</u>
<u>Compensated absences (payable from general fund)</u>	\$ <u>625,193</u>	\$ <u>62,519</u>
<u>Net pension liability</u>	\$ <u>4,422,927</u>	\$ <u>-</u>
<u>Net OPEB Obligation</u>	\$ <u>277,167</u>	\$ <u>-</u>
<u>Early Retirement Incentive Costs:</u>		
The Brunswick County School Board adopted the early retirement incentive program. \$541,300, early retirement incentive obligation bond payable in annual installments of \$18,600 to \$37,600 due on November 15 through 2023, interest at 3.76%. This was refinanced in fiscal year 2004 in conjunction with the Courthouse revenue bonds.	\$ <u>236,100</u>	\$ <u>30,100</u>
<u>Town of Brodnax Sewer Capacity agreement:</u>		
In 1997, the County entered into an agreement with the Town of Brodnax to purchase 20,000 gpd of sewer capacity. An initial payment of \$9,334 was made in 1997 and monthly payments of \$728 are being made through June 2035.	\$ <u>157,248</u>	\$ <u>8,736</u>
Total long-term obligations from governmental activities	\$ <u><u>20,155,607</u></u>	\$ <u><u>903,858</u></u>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

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**Note 9—Long-Term Obligations: (Continued)**

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**Details of Long-Term Obligations: (Continued)**

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<b><u>Component Units:</u></b>		
<u>School Board:</u>		
Compensated absences	\$ 540,777	\$ 54,078
Net pension liability	\$ 17,495,117	\$ -
Net OPEB obligation	\$ 450,726	\$ -
Total long-term obligations from School Board	\$ 18,486,620	\$ 54,078
<u>Industrial Development Authority:</u>		
\$1,450,000 Town of Lawrenceville - County Water and Sewer Bond agreement dated October 1, 1997 (and amendments) due in semiannual payments of \$51,350 through December 1, 2018, interest at 3%	\$ 149,544	\$ 98,952
Total long-term obligations from Industrial Development Authority	\$ 149,544	\$ 98,952
Total long-term obligations	\$ 38,791,771	\$ 1,056,888

**Note 10—Compensated Absences:**

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In accordance with GASB Statement 16, *Accounting for Compensated Absences*, the County has accrued the liability arising from outstanding compensated absences.

County employees earn vacation and sick leave at various rates. See Note 9 for details of changes in compensated absences balances.

**Note 11—Commitments and Contingencies:**

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Federal programs in which the County and discretely presented component units participate were audited in accordance with the provisions of Uniform Guidance. Pursuant to the provisions of Uniform Guidance, 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 test which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 11–Commitments and Contingencies: (Continued)

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At year end, the County had several contractual commitments, some of which are presented in the financial statements as construction in progress. Outstanding contractual amounts at June 30, 2017 were as follows:

<u>Purpose</u>	<u>Contract Amount</u>	<u>Spent to Date</u>	<u>Balance of Contract</u>
Alvis Road CDBG Project	\$ 21,300	\$ 19,800	\$ 1,500
Flat Rock Road Housing Rehab. Project	218,018	69,679	148,339
Brunswick Byways Visitor Center Project	891,113	794,195	96,918
Property Tax Reassessment	234,572	96,149	138,423
E-Summons System	507,945	327,222	180,723
Total	<u>\$ 1,872,948</u>	<u>\$ 1,307,045</u>	<u>\$ 565,903</u>

### Note 12–Risk Management:

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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 joined together with other local governments in Virginia to form the Virginia Association of Counties Risk Management Program, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the association for its workers compensation insurance, and general liability insurance.

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

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

### Note 13–Litigation:

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

### Note 14–Brunswick County School Bus Drivers and School Bus Aides Employer Contribution 401(a) Plan:

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The School Board contributed \$24,500 to a 401(a) plan on behalf of the County's school bus drivers. \$500 per driver and bus aide was contributed during fiscal year 2017. The County has the responsibility of a prudent investor in regards to the plan but is not liable for losses arising from the plan and thus the value of the plan assets is not recorded in the County's financial report.

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–Pension Plan:**

***Plan Description***

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This agent multiple-employer plan is 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:

<b>RETIREMENT PLAN PROVISIONS</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b> 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><b>About Plan 2</b> 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><b>About the Hybrid Retirement Plan</b> 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"> <li>• The defined benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> </ul>

COUNTY OF BRUNSWICK, VIRGINIA

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

**Note 15–Pension Plan: (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1 (Cont.)</b></p>	<p><b>About Plan 2 (Cont.)</b></p>	<p><b>About the Hybrid Retirement Plan (Cont.)</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
<p><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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><b>Hybrid Opt-In Election</b> 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><b>Eligible Members</b> 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"> <li>• Political subdivision employees*</li> <li>• School division employees</li> <li>• 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.</li> </ul>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–Pension Plan: (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Hybrid Opt-In Election</b> 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><b>Hybrid Opt-In Election</b> 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><b>*Non-Eligible Members</b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</li> <li>• 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.</li> </ul>
<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><b>Retirement Contributions</b> Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.</p>	<p><b>Retirement Contributions</b> 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 BRUNSWICK, VIRGINIA

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

**Note 15–Pension Plan: (Continued)**

*Plan Description (Continued)*

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Creditable Service</b> 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><b>Creditable Service</b> Same as Plan 1.</p>	<p><b>Creditable Service</b> <b><u>Defined Benefit Component:</u></b> 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><b><u>Defined Contributions Component:</u></b> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>
<p><b>Vesting</b> 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.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <b><u>Defined Benefit Component:</u></b> 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.</p> <p style="text-align: center;">•</p>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting (Cont.)</b> 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><b>Vesting (Cont.)</b> Same as Plan 1.</p>	<p><b>Vesting (Cont.)</b> <b><u>Defined Benefit Component: (Cont.)</u></b> 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><b><u>Defined Contributions Component:</u></b> 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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Average Final Compensation</b> A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier</b> <b>Defined Benefit Component:</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>
<p><b>Normal Retirement Age</b> <b>VRS:</b> Age 65.</p> <p><b>Political subdivisions hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age</b> <b>VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b> <b>Defined Benefit Component:</b> <b>VRS:</b> Same as Plan 2.</p> <p><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Earliest Unreduced Retirement Eligibility</b> 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><b>Political subdivisions hazardous duty employees:</b> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> 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><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <b><u>Defined Benefit Component:</u></b> 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><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> 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><b>Political subdivisions hazardous duty employees:</b> 50 with at least five years of creditable service.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> VRS: Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political subdivisions hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <b><u>Defined Benefit Component:</u></b> 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><b>Political subdivisions hazardous duty employees:</b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–Pension Plan: (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><b><u>Eligibility:</u></b> 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><b><u>Exceptions to COLA Effective Dates:</u></b> 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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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><b><u>Eligibility:</u></b> Same as Plan 1.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1 and Plan 2.</p>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–Pension Plan: (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates:</u></b></p> <ul style="list-style-type: none"> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> <li>• 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.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates: (Cont.)</u></b></p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</b></p> <p><b><u>Exceptions to COLA Effective Dates: (Cont.)</u></b></p>
<p><b>Disability Coverage</b> 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>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b> 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>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b> 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 BRUNSWICK, VIRGINIA**

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

**Note 15–Pension Plan: (Continued)**

**Plan Description (Continued)**

<b>RETIREMENT PLAN PROVISIONS (CONTINUED)</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<b>Disability Coverage (Cont.)</b>	<b>Disability Coverage (Cont.)</b>	<b>Disability Coverage (Cont.)</b> 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.
<b>Purchase of Prior Service</b> 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.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <b><u>Defined Benefit Component:</u></b> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> <li>• The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.</li> <li>• 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.</li> </ul> <b><u>Defined Contribution Component:</u></b> Not applicable.

**Pension Plan Data**

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

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 15—Pension Plan: (Continued)

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#### *Employees Covered by Benefit Terms*

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

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	68	43
Inactive members:		
Vested inactive members	13	1
Non-vested inactive members	13	6
Inactive members active elsewhere in VRS	<u>52</u>	<u>5</u>
Total inactive members	78	12
Active members	<u>111</u>	<u>46</u>
Total covered employees	<u><u>257</u></u>	<u><u>101</u></u>

#### *Contributions*

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

The County's contractually required contribution rate for the year ended June 30, 2017 was 10.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$508,504 and \$623,099 for the years ended June 30, 2017 and June 30, 2016, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2017 was 4.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 15—Pension Plan: (Continued)

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#### **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 \$45,742 and \$99,816 for the years ended June 30, 2017 and June 30, 2016, respectively.

#### **Net Pension Liability**

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

#### **Actuarial Assumptions – General Employees**

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

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

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

#### Largest 10 – Non-LEOS:

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 15–Pension Plan: (Continued)

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#### **Actuarial Assumptions – General Employees (Continued)**

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-LEOS:

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

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

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

#### **Actuarial Assumptions – Public Safety Employees**

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
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 BRUNSWICK, VIRGINIA

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

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### Note 15–Pension Plan: (Continued)

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#### *Actuarial Assumptions – Public Safety Employees (Continued)*

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–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:

<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 BRUNSWICK, VIRGINIA**

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

**Note 15–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***

	<b>Primary Government</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2015	\$ 20,291,503	\$ 16,056,310	\$ 4,235,193
Changes for the year:			
Service cost	\$ 484,174	\$ -	\$ 484,174
Interest	1,386,660	-	1,386,660
Differences between expected and actual experience	(562,777)	-	(562,777)
Contributions - employer	-	618,450	(618,450)
Contributions - employee	-	229,606	(229,606)
Net investment income	-	282,280	(282,280)
Benefit payments, including refunds of employee contributions	(964,149)	(964,149)	-
Administrative expenses	-	(9,895)	9,895
Other changes	-	(118)	118
Net changes	<u>\$ 343,908</u>	<u>\$ 156,174</u>	<u>\$ 187,734</u>
Balances at June 30, 2016	<u>\$ 20,635,411</u>	<u>\$ 16,212,484</u>	<u>\$ 4,422,927</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–Pension Plan: (Continued)**

***Changes in Net Pension Liability***

	<b>Component School Board (nonprofessional)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2015	\$ 5,245,612	\$ 5,092,994	\$ 152,618
Changes for the year:			
Service cost	\$ 114,274	\$ -	\$ 114,274
Interest	355,957	-	355,957
Differences between expected and actual experience	(339,911)	-	(339,911)
Contributions - employer	-	98,666	(98,666)
Contributions - employee	-	54,489	(54,489)
Net investment income	-	84,919	(84,919)
Benefit payments, including refunds of employee contributions	(321,035)	(321,035)	-
Administrative expenses	-	(3,216)	3,216
Other changes	-	(37)	37
Net changes	\$ (190,715)	\$ (86,214)	\$ (104,501)
Balances at June 30, 2016	\$ 5,054,897	\$ 5,006,780	\$ 48,117

***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 (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
County Net Pension Liability	\$ 7,251,754	\$ 4,422,927	\$ 2,083,348
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 614,625	\$ 48,117	\$ (433,176)

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–Pension Plan: (Continued)**

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

For the year ended June 30, 2017, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$373,052 and (\$120,387), respectively. At June 30, 2017, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 450,227	\$ -	\$ 326,948
Net difference between projected and actual earnings on pension plan investments	418,898	-	131,444	-
Employer contributions subsequent to the measurement date	508,504	-	45,742	-
Total	\$ 927,402	\$ 450,227	\$ 177,186	\$ 326,948

\$508,504 and \$45,742 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 fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2018	\$ (158,661)	\$ (188,862)
2019	(155,008)	(125,739)
2020	114,892	65,976
2021	167,448	53,121
Thereafter	-	-

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 15–Pension Plan: (Continued)

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#### **Component Unit School Board (professional)**

##### ***Plan Description***

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

##### ***Contributions***

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

Each School Division's contractually required contribution rate for the year ended June 30, 2017 was 14.66% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 89.84% of the actuarial rate for the year ended June 30, 2017. Contributions to the pension plan from the School Board were \$1,360,944 and \$1,145,347 for the years ended June 30, 2017 and June 30, 2016, respectively.

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

At June 30, 2017, the school division reported a liability of \$17,447,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2016 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was .12449% as compared to .12561% at June 30, 2015.

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–Pension Plan: (Continued)**

**Component Unit School Board (professional) (Continued)**

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

For the year ended June 30, 2017, the school division recognized pension expense of \$1,002,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2017, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 566,000
Net difference between projected and actual earnings on pension plan investments	997,000	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,482,000
Employer contributions subsequent to the measurement date	<u>1,360,944</u>	<u>-</u>
Total	<u>\$ 2,357,944</u>	<u>\$ 2,048,000</u>

\$1,360,944 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2018	\$ (615,000)
2019	(615,000)
2020	67,000
2021	161,000
2022	(49,000)

**COUNTY OF BRUNSWICK, VIRGINIA**

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

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**Note 15–Pension Plan: (Continued)**

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**Component Unit School Board (professional) (Continued)**

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2015, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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

\* 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

**COUNTY OF BRUNSWICK, VIRGINIA**

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

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**Note 15–Pension Plan: (Continued)**

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**Component Unit School Board (professional) (Continued)**

***Actuarial Assumptions: (Continued)***

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

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

***Net Pension Liability***

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

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

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 15–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 BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

**Discount Rate**

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

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 24,870,000	\$ 17,447,000	\$ 11,331,000

**Pension Plan Fiduciary Net Position**

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

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### **Note 16—Deferred Compensation Plan:**

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The County and School Board offer their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer the payment of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred, including the investments and earnings thereon, vest with the employee and are not subject to the claims of the County's and School Board's general creditors.

### **Note 17—VRS Health Insurance Credit - Other Postemployment Benefits:**

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#### **A. Plan Description**

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 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 School Board, 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.

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 15.

#### **B. Funding Policy**

As a participating local political subdivision, the School Board 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 School Board's contribution rate for the fiscal year ended 2017 was .57% 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 School Board 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.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 17–VRS Health Insurance Credit - Other Postemployment Benefits: (Continued)

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

For 2016, the School Board's contribution of \$6,410 was equal to the ARC and OPEB cost. The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2017	\$ 6,410	100%	-
June 30, 2016	5,898	100%	-
June 30, 2015	5,917	100%	-

#### D. Funded Status and Funding Progress

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

Actuarial accrued liability (AAL)	\$ 115,760
Actuarial value of plan assets	\$ 42,479
Unfunded actuarial accrued liability (UAAL)	\$ 73,281
Funded ratio (actuarial value of plan assets/AAL)	36.70%
Covered payroll (active plan members)	\$ 1,107,399
UAAL as a percentage of covered payroll	6.62%

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.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### **Note 17–VRS Health Insurance Credit - Other Postemployment Benefits: (Continued)**

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#### **E. Actuarial Methods and Assumptions: (Continued)**

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 the member's years of service and the maximum benefit is assumed, no assumption relating to health care cost trend rates is needed or applied.

The entry age normal cost method was used to determine the plan's funding liabilities and costs. The actuarial assumptions included a 7.0% 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 a closed basis. The remaining open amortization period at June 30, 2016 was 18 to 27 years.

#### **F. 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 1.12% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2017, 2016, and 2015 were \$104,827, \$100,602, and \$99,412, respectively and equaled the required contributions for each year.

### **Note 18–Other Postemployment Benefits – Health Insurance:**

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#### **A. Plan Description**

In addition to the pension benefits described in Note 15, the County and School Board provide post-retirement health care insurance benefits for employees who are eligible for retirement benefits. Individuals who have attained the age of 50 with at least 10 years of service earned with the County or School Board and prior service earned through other Virginia agencies. Employees who do not participate in VRS must attain the age of 50 with at least 10 years of service with the County Schools to receive benefits offered by the School Board.

# COUNTY OF BRUNSWICK, VIRGINIA

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

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## Note 18—Other Postemployment Benefits – Health Insurance: (Continued)

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### A. Plan Description: (Continued)

Health benefits include medical, dental, and vision coverage for retirees and eligible spouses. Retirees under the age of 65 may elect BlueCross (PPO) (Key Advantage Expanded or Key Advantage 500) medical option. Health benefits are offered until the earlier of the retiree's death or the retiree attaining age 65. Health benefits for the spouse of the retiree are offered until the earlier of the spouse's death, the retiree's death, or the spouse attaining age 65. If the retiree predeceases the spouse, the spouse may continue coverage through COBRA only. There are no age or service requirements for disabled individuals. They are eligible for the same benefit as other retirees.

### B. Funding Policy

The County and School Board establish employer contribution rates for plan participants as part of the budgetary process each year. The County and School Board also determine how the plans will be funded each year, whether they will partially fund the plans or fully fund the plans. The retiree and spouse must pay the entire premium. Coverage ceases when retirees reach the age of 65 or upon death, if earlier. Disability benefits end when the retiree is eligible for Medicare.

### C. Annual OPEB Cost and Net OPEB Obligation

The County's and 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 shows the components of the County's and School Board's annual OPEB cost for the year, the estimated amount contributed to the plans, and changes in the County's and School Board's net OPEB obligation.

	<u>County</u>	<u>School Board</u>
Annual required contribution	\$ 54,600	\$ 80,600
Interest on net OPEB obligation	8,426	14,351
Adjustment to annual required contribution	<u>(8,902)</u>	<u>(15,163)</u>
Annual OPEB cost (expense)	\$ 54,124	\$ 79,788
Contributions made	<u>(17,700)</u>	<u>(39,100)</u>
Increase in net OPEB obligation	\$ 36,424	\$ 40,688
Net OPEB obligation-beginning of year	<u>240,743</u>	<u>410,038</u>
Net OPEB obligation-end of year	<u>\$ 277,167</u>	<u>\$ 450,726</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 18—Other Postemployment Benefits – Health Insurance: (Continued)**

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

The County’s and School Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plans and the net OPEB obligation for 2017 and the two preceding years are as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net OPEB Obligation</u>
<b>County:</b>			
June 30, 2017	\$ 54,124	32.70%	\$ 277,167
June 30, 2016	51,702	22.82%	240,743
June 30, 2015	56,821	51.58%	200,841
<b>School Board:</b>			
June 30, 2017	\$ 79,788	49.00%	\$ 450,726
June 30, 2016	76,672	46.04%	410,038
June 30, 2015	116,584	50.86%	368,666

**D. Funded Status and Funding Progress**

The funded status of the plans as of June 30, 2015 and June 30, 2015, respectively, are as follows:

	<u>County</u>	<u>School Board</u>
Actuarial accrued liability (AAL)	\$ 536,900	\$ 715,600
Actuarial value of plan assets	\$ -	\$ -
Unfunded actuarial accrued liability (UAAL)	\$ 536,900	\$ 715,600
Funded ratio (actuarial value of plan assets/AAL)	0.00%	0.00%
Covered payroll (active plan members)	\$ 4,848,600	\$ 11,031,200
UAAL as a percentage of covered payroll	11.07%	6.49%

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 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 liabilities for benefits.

COUNTY OF BRUNSWICK, VIRGINIA

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

**Note 18—Other Postemployment Benefits – Health Insurance: (Continued)**

**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 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 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.

Cost Method

The projected unit credit (PUC) cost method was used for this valuation. The objective of this method is to fund each participant’s benefits under the plan as they would accrue. Under this method the total value of the benefit to which each participant is expected to become entitled is broken down into units, each associated with a year of past or future credited service.

Interest Assumptions

In the actuarial valuation, the Projected Unit Cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses), which is a blended rate based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 6.00% in 2015, 6.90% in 2016, 7.40% in 2017, grading to an ultimate rate of 4.80% in 2096 for the County. The School Board annual healthcare cost trend rate was 6.10% in 2015, 7.00% in 2016, 7.50% in 2017, grading to an ultimate rate of 4.10% in 2074. The County rate included a 3.00% inflation assumption, whereas the School Board rate included a 2.30% annual rate of inflation. 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 the valuation date was thirty years.

**Note 19—Surety Bond Information:**

	<u>Amount</u>
Commonwealth of Virginia, Department of General Services, Division of Risk Management-Faithful Performance of Duty Bond	
V. Earl Stanley, Jr. Clerk of the Circuit Court	\$ 300,000
Jacqueline Mangrum, Treasurer	400,000
Camilla Clayton-Bright, Commissioner of the Revenue	3,000
Brian K. Roberts, Sheriff	30,000
Virginia Association of Counties (VACo) Risk Management Programs: County and School Board:	
Faithful performance blanket position coverage	250,000

**COUNTY OF BRUNSWICK, VIRGINIA**

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

**Note 20—Interfund Balances and Transfers:**

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

	<u>Due To</u>	<u>Due From</u>	<u>Net</u>
Primary Government:			
General Fund	\$ -	\$ 349,671	\$ (349,671)
VPA Fund	128,887	-	128,887
Capital Projects Fund	210,825	-	210,825
Airport Fund	9,959	-	9,959
	<u>349,671</u>	<u>349,671</u>	<u>-</u>
Total Primary Government	\$ <u>349,671</u>	\$ <u>349,671</u>	\$ <u>-</u>
Component Unit:			
IDA	\$ <u>500,000</u>	\$ <u>-</u>	\$ <u>500,000</u>
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
Primary Government:			
General Fund	\$ 396,186	\$ 1,292,610	\$ (896,424)
VPA Fund	341,918	-	341,918
Debt Service Fund	626,706	-	626,706
Capital Projects Fund	-	396,186	(396,186)
Airport Fund	14,461	-	14,461
CSA Fund	309,525	-	309,525
	<u>1,688,796</u>	<u>1,688,796</u>	<u>-</u>
Total Governmental Activities	\$ <u>1,688,796</u>	\$ <u>1,688,796</u>	\$ <u>-</u>
Total Primary Government	\$ <u>1,688,796</u>	\$ <u>1,688,796</u>	\$ <u>-</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect 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 21—Intergovernmental and Industrial Agreements—Industrial Development Authority:**

County of Brunswick, Virginia

Under arrangements similar to that between the Authority and the Virginia Department of Corrections, the Authority issued bonds for the construction of a new Courthouse facility for Brunswick County. The payments from the County to the Authority equal the Authority's obligation to the bond holders.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### **Note 21—Intergovernmental and Industrial Agreements—Industrial Development Authority: (Continued)**

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Brunswick County and the Authority joined together in the development of the Roanoke River Regional Business Park, which is located in Mecklenburg County. To enable the Authority to participate in this project, the County loaned the Authority \$500,000 to be used for the purchase of land. No repayments are due from the Authority to the County until closing occurs on a sale of property within the RRRBP, at which time there is a proportional repayment (the amount of which is determined under the terms of a negotiated agreement between the Authority and the County).

In fiscal year 2014, the County closed on a \$5,175,000 VRA loan for extension of water and sewer infrastructure along Route 58. The County is funding the project and will repay the debt service, even though the lines will be owned by the Authority and will be operated and maintained by Town of Lawrenceville, Virginia. Activity is reported as capital contributions from the County to the Authority.

### **Note 22—Landfill Closure and Postclosure Care Cost:**

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The County of Brunswick, Virginia owns a landfill which it no longer operates, however the County is responsible for the landfill closure and postclosure costs. The landfill was closed on September 1, 1994. The County hauls trash to a private landfill in the County.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used at each balance sheet date. The \$622,422 reported as landfill postclosure care liability at June 30, 2017 represents the estimated remaining amount of postclosure monitoring costs required, including corrective action costs of \$349,840 required by the Department of Environmental Quality. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The County intends to fund future costs from funds accumulated for this purpose in the General Fund.

The County demonstrated financial assurance requirements for closure, postclosure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

### **Note 23 – Subsequent Events**

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In fiscal year 2017, the Board of Supervisors approved for the School Board to move forward with a lease/purchase arrangement with Kingmor Supply, Inc. The purchase of buses will be financed over 5 years with an APR of 2.95%. Delivery was scheduled for July 2017 with the first payment due in July 2017 with total costs of approximately \$418,000.

A salary study was conducted in FY17 with pay rates taking effect on July 1, 2017.

In August 2017, the County accepted a bid in the amount of \$256,936 for demolition of Old Brunswick Primary school complex. The school was demolished in October 2017.

The Board also approved moving forward with a new communications/radio system. The FY18 budget included \$200,000 for a down payment or initial fees relative to the system. In January 2018, the contract was awarded and a loan agreement secured. The project funding is approximately \$2,090,000 and the loan has a 15 year term.

## **Required Supplementary Information**

Note to Required Supplementary Information:

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

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 11,240,500	\$ 11,240,500	\$ 14,257,624	\$ 3,017,124
Other local taxes	750,000	750,000	1,617,595	867,595
Permits, privilege fees, and regulatory licenses	70,600	70,600	75,261	4,661
Fines and forfeitures	750,000	925,294	1,342,861	417,567
Revenue from the use of money and property	42,600	42,600	88,206	45,606
Charges for services	817,750	817,750	911,512	93,762
Miscellaneous	30,000	814,606	109,630	(704,976)
Recovered costs	290,345	290,345	233,784	(56,561)
Intergovernmental:				
Commonwealth	3,906,267	3,914,495	3,840,151	(74,344)
Federal	56,019	56,019	144,087	88,068
Total revenues	\$ 17,954,081	\$ 18,922,209	\$ 22,620,711	\$ 3,698,502
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,573,538	\$ 1,672,605	\$ 1,576,848	\$ 95,757
Judicial administration	1,467,174	1,485,226	1,450,499	34,727
Public safety	6,824,276	7,387,925	7,260,047	127,878
Public works	1,462,954	1,683,092	1,643,474	39,618
Health and welfare	185,198	189,824	201,761	(11,937)
Education	5,328,066	5,047,099	4,830,505	216,594
Parks, recreation, and cultural	234,004	241,283	229,720	11,563
Community development	616,644	616,644	579,735	36,909
Capital projects	7,500	7,500	7,500	-
Debt service:				
Principal retirement	691,536	1,087,722	1,087,722	-
Interest and other fiscal charges	283,082	283,082	281,005	2,077
Total expenditures	\$ 18,673,972	\$ 19,702,002	\$ 19,148,816	\$ 553,186
Excess (deficiency) of revenues over (under) expenditures	\$ (719,891)	\$ (779,793)	\$ 3,471,895	\$ 4,251,688
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ 396,186	\$ 396,186	\$ -
Transfers out	(1,286,933)	(1,338,824)	(1,292,610)	46,214
Sale of capital assets	-	-	45,000	45,000
Total other financing sources (uses)	\$ (1,286,933)	\$ (942,638)	\$ (851,424)	\$ 91,214
Net change in fund balances	\$ (2,006,824)	\$ (1,722,431)	\$ 2,620,471	\$ 4,342,902
Fund balances - beginning	-	(1,304,901)	11,601,359	12,906,260
Fund balances - ending	\$ (2,006,824)	\$ (3,027,332)	\$ 14,221,830	\$ 17,249,162

Virginia Public Assistance Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 1,285	\$ 1,285
Intergovernmental:				
Commonwealth	680,305	680,305	561,860	(118,445)
Federal	941,940	957,802	1,111,127	153,325
Total revenues	<u>\$ 1,622,245</u>	<u>\$ 1,638,107</u>	<u>\$ 1,674,272</u>	<u>\$ 36,165</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	<u>\$ 2,000,329</u>	<u>\$ 2,023,891</u>	<u>\$ 2,016,190</u>	<u>\$ 7,701</u>
Total expenditures	<u>\$ 2,000,329</u>	<u>\$ 2,023,891</u>	<u>\$ 2,016,190</u>	<u>\$ 7,701</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (378,084)</u>	<u>\$ (385,784)</u>	<u>\$ (341,918)</u>	<u>\$ 43,866</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>\$ 378,084</u>	<u>\$ 382,357</u>	<u>\$ 341,918</u>	<u>\$ (40,439)</u>
Total other financing sources (uses)	<u>\$ 378,084</u>	<u>\$ 382,357</u>	<u>\$ 341,918</u>	<u>\$ (40,439)</u>
Net change in fund balances	\$ -	\$ (3,427)	\$ -	\$ 3,427
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ (3,427)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,427</u></u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 484,174	\$ 473,347	\$ 467,394
Interest	1,386,660	1,328,062	1,269,942
Differences between expected and actual experience	(562,777)	(69,392)	-
Benefit payments, including refunds of employee contributions	(964,149)	(825,649)	(988,461)
<b>Net change in total pension liability</b>	<u>\$ 343,908</u>	<u>\$ 906,368</u>	<u>\$ 748,875</u>
<b>Total pension liability - beginning</b>	<u>20,291,503</u>	<u>19,385,135</u>	<u>18,636,260</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 20,635,411</u></u>	<u><u>\$ 20,291,503</u></u>	<u><u>\$ 19,385,135</u></u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 618,450	\$ 584,255	\$ 589,542
Contributions - employee	229,606	212,328	225,352
Net investment income	282,280	706,070	2,117,435
Benefit payments, including refunds of employee contributions	(964,149)	(825,649)	(988,461)
Administrative expense	(9,895)	(9,546)	(11,445)
Other	(118)	(148)	111
<b>Net change in plan fiduciary net position</b>	<u>\$ 156,174</u>	<u>\$ 667,310</u>	<u>\$ 1,932,534</u>
<b>Plan fiduciary net position - beginning</b>	<u>16,056,310</u>	<u>15,389,000</u>	<u>13,456,466</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 16,212,484</u></u>	<u><u>\$ 16,056,310</u></u>	<u><u>\$ 15,389,000</u></u>
<b>County's net pension liability - ending (a) - (b)</b>	\$ 4,422,927	\$ 4,235,193	\$ 3,996,135
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	78.57%	79.13%	79.39%
<b>Covered payroll</b>	\$ 4,525,045	\$ 4,266,100	\$ 4,238,853
<b>County's net pension liability as a percentage of covered payroll</b>	97.74%	99.28%	94.27%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 114,274	\$ 125,267	\$ 126,969
Interest	355,957	360,097	345,287
Differences between expected and actual experience	(339,911)	(256,496)	-
Benefit payments, including refunds of employee contributions	<u>(321,035)</u>	<u>(254,997)</u>	<u>(266,377)</u>
<b>Net change in total pension liability</b>	<b>\$ (190,715)</b>	<b>\$ (26,129)</b>	<b>\$ 205,879</b>
<b>Total pension liability - beginning</b>	<u>5,245,612</u>	<u>5,271,741</u>	<u>5,065,862</u>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 5,054,897</u></b>	<b><u>\$ 5,245,612</u></b>	<b><u>\$ 5,271,741</u></b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 98,666	\$ 99,529	\$ 107,370
Contributions - employee	54,489	55,202	58,609
Net investment income	84,919	225,262	684,923
Benefit payments, including refunds of employee contributions	(321,035)	(254,997)	(266,377)
Administrative expense	(3,216)	(3,139)	(3,744)
Other	<u>(37)</u>	<u>(46)</u>	<u>36</u>
<b>Net change in plan fiduciary net position</b>	<b>\$ (86,214)</b>	<b>\$ 121,811</b>	<b>\$ 580,817</b>
<b>Plan fiduciary net position - beginning</b>	<u>5,092,994</u>	<u>4,971,183</u>	<u>4,390,366</u>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$ 5,006,780</u></b>	<b><u>\$ 5,092,994</u></b>	<b><u>\$ 4,971,183</u></b>
<b>School Division's net pension liability - ending (a) - (b)</b>	<b>\$ 48,117</b>	<b>\$ 152,618</b>	<b>\$ 300,558</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	99.05%	97.09%	94.30%
<b>Covered payroll</b>	<b>\$ 1,112,779</b>	<b>\$ 1,116,354</b>	<b>\$ 1,172,159</b>
<b>School Division's net pension liability as a percentage of covered payroll</b>	4.32%	13.67%	25.64%

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability	0.12449%	0.12561%	0.13337%
Employer's Proportionate Share of the Net Pension Liability	\$ 17,447,000	\$ 15,810,000	\$ 16,117,000
Employer's Covered Payroll	9,490,744	9,590,362	9,752,607
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	183.83%	164.85%	165.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.28%	70.68%	70.88%

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

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

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
<b>Primary Government</b>					
2017	\$ 508,504	\$ 508,504	\$ -	\$ 4,804,488	10.58%
2016	623,099	623,099	-	4,525,045	13.77%
2015	587,442	587,442	-	4,266,100	13.77%
2014	589,624	589,624	-	4,238,853	13.91%
2013	574,087	574,087	-	4,127,150	13.91%
2012	508,923	508,923	-	4,276,665	11.90%
2011	515,241	515,241	-	4,329,754	11.90%
2010	441,850	441,850	-	4,269,085	10.35%
2009	450,223	450,223	-	4,349,976	10.35%
2008	326,852	326,852	-	4,255,881	7.68%
<b>Component Unit School Board (nonprofessional)</b>					
2017	\$ 45,742	\$ 45,742	\$ -	\$ 1,130,833	4.04%
2016	99,816	99,816	-	1,112,779	8.97%
2015	100,137	100,137	-	1,116,354	8.97%
2014	107,369	107,369	-	1,172,158	9.16%
2013	110,096	110,096	-	1,201,924	9.16%
2012	70,493	70,493	-	1,157,512	6.09%
2011	73,142	73,142	-	1,201,012	6.09%
2010	93,974	93,974	-	1,246,340	7.54%
2009	96,274	96,274	-	1,276,839	7.54%
2008	110,209	110,209	-	1,245,301	8.85%
<b>Component Unit School Board (professional)</b>					
2017	\$ 1,360,944	\$ 1,360,944	\$ -	\$ 9,655,949	14.09%
2016	1,145,347	1,145,347	-	9,490,744	12.07%
2015	1,349,364	1,349,364	-	9,590,362	14.07%
2014	1,137,154	1,137,154	-	9,752,607	11.66%
2013	1,271,202	1,271,202	-	10,902,247	11.66%
2012	640,889	640,889	-	10,124,629	6.33%
2011	404,330	404,330	-	10,288,295	3.93%
2010	701,747	701,747	-	10,573,775	8.81%
2009	976,571	976,571	-	11,084,797	8.81%
2008	1,094,927	1,094,927	-	10,630,359	10.30%

Notes to Required Supplementary Information - Virginia Retirement System  
For the Year Ended June 30, 2017

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

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Component Unit School Board - Professional Employees

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

Schedules of OPEB Funding Progress  
For the Year Ended June 30, 2017

Virginia Retirement System - Health Insurance Credit:

School Board Non-Professional:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
June 30, 2014	\$ 42,479	\$ 115,910	\$ 73,431	36.65%	\$ 1,164,031	6.31%
June 30, 2015	43,311	115,109	71,798	37.63%	1,099,810	6.53%
June 30, 2016	42,479	115,760	73,281	36.70%	1,107,399	6.62%

Other Postemployment Benefits - Health Insurance:

County:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
June 30, 2009	\$ -	\$ 444,800	\$ 444,800	0.00%	\$ 4,955,700	8.98%
June 30, 2012	-	496,600	496,600	0.00%	4,069,200	12.20%
June 30, 2015	-	536,900	536,900	0.00%	4,848,600	11.07%

School Board:

Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a) (c)	Funded Ratio (a/b) (d)	Covered Payroll (e)	UAAL as % of Covered Payroll (c/e) (f)
June 30, 2011	\$ -	\$ 1,135,400	\$ 1,135,400	0.00%	\$ 12,438,200	9.13%
June 30, 2013	-	1,023,900	1,023,900	0.00%	11,947,400	8.57%
June 30, 2015	-	715,600	715,600	0.00%	11,031,200	6.49%

**Other Supplementary Information**

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## **Combining and Individual Fund Financial Statements and Schedules**

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 3,500	\$ 3,500	\$ 47,860	\$ 44,360
Intergovernmental:				
Federal	60,343	60,343	60,538	195
Total revenues	<u>\$ 63,843</u>	<u>\$ 63,843</u>	<u>\$ 108,398</u>	<u>\$ 44,555</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 614,311	\$ 614,311	\$ 479,077	\$ 135,234
Interest and other fiscal charges	261,361	261,361	322,159	(60,798)
Total expenditures	<u>\$ 875,672</u>	<u>\$ 875,672</u>	<u>\$ 801,236</u>	<u>\$ 74,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (811,829)</u>	<u>\$ (811,829)</u>	<u>\$ (692,838)</u>	<u>\$ 118,991</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 626,706	\$ 626,706	\$ 626,706	\$ -
Total other financing sources (uses)	<u>\$ 626,706</u>	<u>\$ 626,706</u>	<u>\$ 626,706</u>	<u>\$ -</u>
Net change in fund balances	\$ (185,123)	\$ (185,123)	\$ (66,132)	\$ 118,991
Fund balances - beginning	-	-	1,714,665	1,714,665
Fund balances - ending	<u>\$ (185,123)</u>	<u>\$ (185,123)</u>	<u>\$ 1,648,533</u>	<u>\$ 1,833,656</u>

Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2017

	<b>County Capital Improvements Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,493	\$ 1,493
Intergovernmental:				
Commonwealth	332,996	357,996	344,900	(13,096)
Federal	436,630	763,230	266,059	(497,171)
Total revenues	<u>\$ 769,626</u>	<u>\$ 1,121,226</u>	<u>\$ 612,452</u>	<u>\$ (508,774)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 771,826	\$ 1,147,711	\$ 781,683	\$ 366,028
Total expenditures	<u>\$ 771,826</u>	<u>\$ 1,147,711</u>	<u>\$ 781,683</u>	<u>\$ 366,028</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,200)</u>	<u>\$ (26,485)</u>	<u>\$ (169,231)</u>	<u>\$ (142,746)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ (396,186)	\$ (396,186)	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ (396,186)</u>	<u>\$ (396,186)</u>	<u>\$ -</u>
Net change in fund balances	\$ (2,200)	\$ (422,671)	\$ (565,417)	\$ (142,746)
Fund balances - beginning	-	420,471	801,667	381,196
Fund balances - ending	<u>\$ (2,200)</u>	<u>\$ (2,200)</u>	<u>\$ 236,250</u>	<u>\$ 238,450</u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2017

	<u>Airport Fund</u>	<u>CSA Fund</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Receivables (net of allowance for uncollectibles):			
Accounts receivable	\$ 8,202	\$ -	\$ 8,202
Due from other governmental units	1,663	75,649	77,312
Inventories	<u>4,820</u>	<u>-</u>	<u>4,820</u>
Total assets	<u>\$ 14,685</u>	<u>\$ 75,649</u>	<u>\$ 90,334</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 301	\$ 66,519	\$ 66,820
Due to other funds	9,959	-	9,959
Total liabilities	<u>\$ 10,260</u>	<u>\$ 66,519</u>	<u>\$ 76,779</u>
Fund balances:			
Nonspendable:			
Inventories	\$ 4,820	\$ -	\$ 4,820
Restricted:			
CSA administration	-	9,130	9,130
Unassigned:			
Airport	<u>(395)</u>	<u>-</u>	<u>(395)</u>
Total fund balances	<u>\$ 4,425</u>	<u>\$ 9,130</u>	<u>\$ 13,555</u>
Total liabilities and fund balances	<u>\$ 14,685</u>	<u>\$ 75,649</u>	<u>\$ 90,334</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2017

<b>REVENUES</b>	<b>Airport Fund</b>	<b>CSA Fund</b>	<b>Total</b>
Revenue from the use of money and property	\$ 1,650	\$ -	\$ 1,650
Charges for services	151	-	151
Miscellaneous	37	444	481
Recovered costs	8,202	-	8,202
Intergovernmental:			
Commonwealth	3,040	459,541	462,581
Federal	-	13,594	13,594
Total revenues	<u>\$ 13,080</u>	<u>\$ 473,579</u>	<u>\$ 486,659</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 27,563	\$ -	\$ 27,563
Health and welfare	-	808,106	808,106
Total expenditures	<u>\$ 27,563</u>	<u>\$ 808,106</u>	<u>\$ 835,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (14,483)</u>	<u>\$ (334,527)</u>	<u>\$ (349,010)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 14,461	\$ 309,525	\$ 323,986
Total other financing sources (uses)	<u>\$ 14,461</u>	<u>\$ 309,525</u>	<u>\$ 323,986</u>
Net change in fund balances	\$ (22)	\$ (25,002)	\$ (25,024)
Fund balances - beginning	4,447	34,132	38,579
Fund balances - ending	<u>\$ 4,425</u>	<u>\$ 9,130</u>	<u>\$ 13,555</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2017

	<b>Airport Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ 1,650	\$ (850)
Charges for services	10,000	10,000	151	(9,849)
Miscellaneous	-	-	37	37
Recovered costs	12,796	12,796	8,202	(4,594)
Intergovernmental:				
Commonwealth	13,400	13,400	3,040	(10,360)
Federal	-	-	-	-
Total revenues	<u>\$ 38,696</u>	<u>\$ 38,696</u>	<u>\$ 13,080</u>	<u>\$ (25,616)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 67,789	\$ 67,789	\$ 27,563	\$ 40,226
Health and welfare	-	-	-	-
Total expenditures	<u>\$ 67,789</u>	<u>\$ 67,789</u>	<u>\$ 27,563</u>	<u>\$ 40,226</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,093)</u>	<u>\$ (29,093)</u>	<u>\$ (14,483)</u>	<u>\$ 14,610</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 29,093	\$ 29,093	\$ 14,461	\$ (14,632)
Total other financing sources (uses)	<u>\$ 29,093</u>	<u>\$ 29,093</u>	<u>\$ 14,461</u>	<u>\$ (14,632)</u>
Net change in fund balances	\$ -	\$ -	\$ (22)	\$ (22)
Fund balances - beginning	-	-	4,447	4,447
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,425</u>	<u>\$ 4,425</u>

Exhibit 20

<b>CSA Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
300	300	444	144
-	-	-	-
621,150	621,150	459,541	(161,609)
13,500	13,500	13,594	94
<u>\$ 634,950</u>	<u>\$ 634,950</u>	<u>\$ 473,579</u>	<u>\$ (161,371)</u>
\$ -	\$ -	\$ -	\$ -
888,000	969,539	808,106	161,433
<u>\$ 888,000</u>	<u>\$ 969,539</u>	<u>\$ 808,106</u>	<u>\$ 161,433</u>
\$ (253,050)	\$ (334,589)	\$ (334,527)	\$ 62
\$ 253,050	\$ 300,668	\$ 309,525	\$ 8,857
<u>\$ 253,050</u>	<u>\$ 300,668</u>	<u>\$ 309,525</u>	<u>\$ 8,857</u>
\$ -	\$ (33,921)	\$ (25,002)	\$ 8,919
-	-	34,132	34,132
<u>\$ -</u>	<u>\$ (33,921)</u>	<u>\$ 9,130</u>	<u>\$ 43,051</u>

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

	<u>Agency Funds</u>			
	<u>Special Welfare Fund</u>	<u>Sheriff Funds</u>	<u>Bond Escrow Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 652	\$ 7,349	\$ 22,755	\$ 30,756
Total assets	<u>\$ 652</u>	<u>\$ 7,349</u>	<u>\$ 22,755</u>	<u>\$ 30,756</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 652	\$ -	\$ -	\$ 652
Amounts held for others	-	7,349	-	7,349
Escrow deposits payable	-	-	22,755	22,755
Total liabilities	<u>\$ 652</u>	<u>\$ 7,349</u>	<u>\$ 22,755</u>	<u>\$ 30,756</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>SPECIAL WELFARE FUND:</b>				
Assets				
Cash and cash equivalents	\$ 440	\$ 8,225	\$ 8,013	\$ 652
Other receivables	3,550	-	3,550	-
Total assets	<u>\$ 3,990</u>	<u>\$ 8,225</u>	<u>\$ 11,563</u>	<u>\$ 652</u>
Liabilities				
Amounts held for social services clients	<u>\$ 3,990</u>	<u>\$ 8,225</u>	<u>\$ 11,563</u>	<u>\$ 652</u>
<b>SHERIFF FUNDS:</b>				
Assets				
Cash and cash equivalents	<u>\$ 7,640</u>	<u>\$ 70,584</u>	<u>\$ 70,875</u>	<u>\$ 7,349</u>
Liabilities				
Amounts held for others	<u>\$ 7,640</u>	<u>\$ 70,584</u>	<u>\$ 70,875</u>	<u>\$ 7,349</u>
<b>BOND ESCROW FUND:</b>				
Assets				
Cash and cash equivalents	<u>\$ 22,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,755</u>
Liabilities				
Escrow deposits payable	<u>\$ 22,755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,755</u>
<b>UNDISTRIBUTED LOCAL SALES TAX FUND:</b>				
Assets				
Due from other governmental units	<u>\$ -</u>	<u>\$ 937,271</u>	<u>\$ 937,271</u>	<u>\$ -</u>
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ 937,271</u>	<u>\$ 937,271</u>	<u>\$ -</u>
<b>TOTALS - ALL AGENCY FUNDS:</b>				
Assets				
Cash and cash equivalents	\$ 30,835	\$ 78,809	\$ 78,888	\$ 30,756
Other receivables	3,550	-	3,550	-
Due from other governmental units	-	937,271	937,271	-
Total assets	<u>\$ 34,385</u>	<u>\$ 1,016,080</u>	<u>\$ 1,019,709</u>	<u>\$ 30,756</u>
Liabilities				
Due to other funds	\$ -	\$ 937,271	\$ 937,271	\$ -
Amounts held for social services clients	3,990	8,225	11,563	652
Amounts held for others	7,640	70,584	70,875	7,349
Escrow deposits payable	22,755	-	-	22,755
Total liabilities	<u>\$ 34,385</u>	<u>\$ 1,016,080</u>	<u>\$ 1,019,709</u>	<u>\$ 30,756</u>

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 977,678	\$ 573,038	\$ 1,550,716
Receivables (net of allowance for uncollectibles):			
Accounts receivable	19,480	16,679	36,159
Due from other governmental units	941,521	49,511	991,032
Total assets	<u>\$ 1,938,679</u>	<u>\$ 639,228</u>	<u>\$ 2,577,907</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 147,164	\$ 3,813	\$ 150,977
Accrued liabilities	1,791,015	52,787	1,843,802
Total liabilities	<u>\$ 1,938,179</u>	<u>\$ 56,600</u>	<u>\$ 1,994,779</u>
Fund balances:			
Committed:			
Cafeteria operations	\$ -	\$ 582,628	\$ 582,628
Unassigned:			
School operations	500	-	500
Total fund balances	<u>\$ 500</u>	<u>\$ 582,628</u>	<u>\$ 583,128</u>
Total liabilities and fund balances	<u>\$ 1,938,679</u>	<u>\$ 639,228</u>	<u>\$ 2,577,907</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 583,128
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 25,822	
Buildings and improvements		6,620,476	
Machinery, equipment, and vehicles		<u>699,179</u>	7,345,477
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.			1,406,686
Items related to measurement of the net pension liability are considered deferred outflows or deferred inflows and will be amortized and recognized in pension expense over future years.			
Deferred outflows of resources		\$ 1,128,444	
Deferred intflows of resources		<u>(2,374,948)</u>	(1,246,504)
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.			
Compensated absences		\$ (540,777)	
Net pension liability		(17,495,117)	
Net OPEB obligation		<u>(450,726)</u>	(18,486,620)
Net position of governmental activities			<u>\$ (10,397,833)</u>

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

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 900	\$ -	\$ 900
Charges for services	-	179,443	179,443
Miscellaneous	352,247	25,800	378,047
Intergovernmental:			
Local government	4,766,689	-	4,766,689
Commonwealth	13,653,637	16,436	13,670,073
Federal	2,269,108	1,133,590	3,402,698
Total revenues	<u>\$ 21,042,581</u>	<u>\$ 1,355,269</u>	<u>\$ 22,397,850</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 20,169,131	\$ 1,253,239	\$ 21,422,370
Capital projects	873,450	-	873,450
Total expenditures	<u>\$ 21,042,581</u>	<u>\$ 1,253,239</u>	<u>\$ 22,295,820</u>
Net change in fund balances	\$ -	\$ 102,030	\$ 102,030
Fund balances - beginning	500	480,598	481,098
Fund balances - ending	<u>\$ 500</u>	<u>\$ 582,628</u>	<u>\$ 583,128</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$ 102,030
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 62,572	
Depreciation	(386,155)	
Adjustment for jointly owned assets	450,077	
Depreciation adjustment for jointly owned assets	<u>(225,082)</u>	(98,588)

The change in deferred outflows and deferred inflows related to the measurement of the net pension liability is not reported in governmental funds.

Deferred outflows of resources	\$ 1,128,444	
Deferred inflows of resources	<u>942,108</u>	2,070,552

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 is the amount of change compared to the prior year.

Compensated absences	\$ 32,425	
Net pension liability	(1,532,499)	
Deferred outflows - pension contributions subsequent to measurement date	161,523	
Net OPEB obligation	<u>(40,688)</u>	(1,379,239)

Change in net position of governmental activities	<u>\$ 694,755</u>
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**COUNTY OF BRUNSWICK, VIRGINIA**

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

	<b>School Operating Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 900	\$ (100)
Charges for services	-	-	-	-
Miscellaneous	372,000	378,967	352,247	(26,720)
Intergovernmental:				
Local government	5,264,250	4,983,283	4,766,689	(216,594)
Commonwealth	13,470,312	13,548,672	13,653,637	104,965
Federal	2,196,197	2,211,298	2,269,108	57,810
Total revenues	<u>\$ 21,303,759</u>	<u>\$ 21,123,220</u>	<u>\$ 21,042,581</u>	<u>\$ (80,639)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 20,411,520	\$ 20,470,076	\$ 20,169,131	\$ 300,945
Capital projects	892,239	934,111	873,450	60,661
Total expenditures	<u>\$ 21,303,759</u>	<u>\$ 21,404,187</u>	<u>\$ 21,042,581</u>	<u>\$ 361,606</u>
Net change in fund balances	\$ -	\$ (280,967)	\$ -	\$ 280,967
Fund balances - beginning	-	-	500	500
Fund balances - ending	<u>\$ -</u>	<u>\$ (280,967)</u>	<u>\$ 500</u>	<u>\$ 281,467</u>

Exhibit 25

<b>School Cafeteria Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ -	\$ -
384,200	384,200	179,443	(204,757)
-	-	25,800	25,800
-	-	-	-
13,440	13,440	16,436	2,996
820,000	855,600	1,133,590	277,990
<u>\$ 1,217,640</u>	<u>\$ 1,253,240</u>	<u>\$ 1,355,269</u>	<u>\$ 102,029</u>
\$ 1,217,640	\$ 1,253,240	\$ 1,253,239	\$ 1
-	-	-	-
<u>\$ 1,217,640</u>	<u>\$ 1,253,240</u>	<u>\$ 1,253,239</u>	<u>\$ 1</u>
\$ -	\$ -	\$ 102,030	\$ 102,030
-	-	480,598	480,598
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582,628</u>	<u>\$ 582,628</u>

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## **Supporting Schedules**

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

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,920,000	\$ 5,920,000	\$ 6,039,875	\$ 119,875
Real and personal public service corporation taxes	2,400,000	2,400,000	4,587,346	2,187,346
Personal property taxes	2,179,000	2,179,000	2,687,888	508,888
Mobile home taxes	38,500	38,500	41,718	3,218
Machinery and tools taxes	480,000	480,000	618,094	138,094
Merchants capital taxes	88,000	88,000	88,787	787
Penalties	90,000	90,000	128,484	38,484
Interest	45,000	45,000	65,432	20,432
Total general property taxes	<u>\$ 11,240,500</u>	<u>\$ 11,240,500</u>	<u>\$ 14,257,624</u>	<u>\$ 3,017,124</u>
Other local taxes:				
Local sales and use taxes	\$ -	\$ -	\$ 880,557	\$ 880,557
Consumers' utility taxes	255,000	255,000	256,889	1,889
Bank stock taxes	15,000	15,000	-	(15,000)
Franchise license taxes	30,000	30,000	43,187	13,187
Motor vehicle licenses	335,000	335,000	307,661	(27,339)
Taxes on recordation and wills	55,000	55,000	69,721	14,721
Utility consumption taxes	45,000	45,000	44,334	(666)
Hotel and motel room taxes	15,000	15,000	15,246	246
Total other local taxes	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 1,617,595</u>	<u>\$ 867,595</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 24,000	\$ 24,000	\$ 20,897	\$ (3,103)
Zoning application fees	6,000	6,000	7,410	1,410
Transfer fees	600	600	708	108
Permits and other licenses	40,000	40,000	46,246	6,246
Total permits, privilege fees, and regulatory licenses	<u>\$ 70,600</u>	<u>\$ 70,600</u>	<u>\$ 75,261</u>	<u>\$ 4,661</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 750,000	\$ 925,294	\$ 1,333,525	\$ 408,231
Interest on court fines and forfeitures	-	-	9,315	9,315
Dog violation fines	-	-	21	21
Total fines and forfeitures	<u>\$ 750,000</u>	<u>\$ 925,294</u>	<u>\$ 1,342,861</u>	<u>\$ 417,567</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 20,000	\$ 20,000	\$ 65,606	\$ 45,606
Revenue from use of property	22,600	22,600	22,600	-
Total revenue from use of money and property	<u>\$ 42,600</u>	<u>\$ 42,600</u>	<u>\$ 88,206</u>	<u>\$ 45,606</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,000	\$ 1,000	\$ 990	\$ (10)
Charges for courthouse maintenance	29,000	29,000	40,069	11,069
Charges for court costs	185,000	185,000	310,723	125,723
Law library fees	2,000	2,000	1,170	(830)
Charges for Commonwealth's Attorney	2,500	2,500	4,007	1,507

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	\$ 6,000	\$ 6,000	\$ 6,326	\$ 326
Animal shelter fees	250	250	150	(100)
Charges for sanitation and waste removal	130,000	130,000	147,812	17,812
Charges for landfill host fees	200,000	200,000	242,261	42,261
Charges for planning and community development	2,000	2,000	1,762	(238)
Charges for emergency transport	260,000	260,000	156,242	(103,758)
Total charges for services	<u>\$ 817,750</u>	<u>\$ 817,750</u>	<u>\$ 911,512</u>	<u>\$ 93,762</u>
Miscellaneous revenue:				
Miscellaneous	\$ 30,000	\$ 814,606	\$ 109,630	\$ (704,976)
Total miscellaneous revenue	<u>\$ 30,000</u>	<u>\$ 814,606</u>	<u>\$ 109,630</u>	<u>\$ (704,976)</u>
Recovered costs:				
Landfill inspection fees	\$ 140,000	\$ 140,000	\$ 71,959	\$ (68,041)
Tax bills - Lawrenceville	2,000	2,000	1,825	(175)
School resource officer	96,345	96,345	96,345	-
Clerk of Circuit Court copy cost reimbursement	2,000	2,000	2,245	245
Sheriff contracted security	50,000	50,000	22,719	(27,281)
Insurance recovery	-	-	38,691	38,691
Total recovered costs	<u>\$ 290,345</u>	<u>\$ 290,345</u>	<u>\$ 233,784</u>	<u>\$ (56,561)</u>
Total revenue from local sources	<u>\$ 13,991,795</u>	<u>\$ 14,951,695</u>	<u>\$ 18,636,473</u>	<u>\$ 3,684,778</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Spay neuter	\$ -	\$ -	\$ 24	\$ 24
Grantor's tax	20,000	20,000	16,444	(3,556)
Mobile home titling tax	30,000	30,000	35,437	5,437
Rolling stock tax	5,000	5,000	811	(4,189)
Motor vehicle carrier's tax	-	-	710	710
State recordation tax	25,000	25,000	21,037	(3,963)
Personal property tax relief funds	1,355,735	1,355,735	1,355,736	1
Communication taxes	425,000	425,000	395,176	(29,824)
Total noncategorical aid	<u>\$ 1,860,735</u>	<u>\$ 1,860,735</u>	<u>\$ 1,825,375</u>	<u>\$ (35,360)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 338,700	\$ 338,700	\$ 342,203	\$ 3,503
Sheriff	973,000	973,000	977,475	4,475
Commissioner of revenue	92,000	92,000	85,462	(6,538)
Treasurer	82,000	82,000	77,252	(4,748)
Registrar/electoral board	34,500	34,500	37,028	2,528
Clerk of the Circuit Court	205,000	205,000	220,256	15,256
Total shared expenses	<u>\$ 1,725,200</u>	<u>\$ 1,725,200</u>	<u>\$ 1,739,676</u>	<u>\$ 14,476</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Emergency medical services - four for life	\$ 15,000	\$ 15,000	\$ 15,534	\$ 534
Fire program funds	44,000	44,000	49,975	5,975
Litter control grant	7,194	7,194	7,194	-
Victim witness grant	112,263	112,263	19,048	(93,215)
PSAP - Phase II - Wireless	100,000	100,000	129,963	29,963
DMV license agent commission	-	8,228	8,228	-
Drug forfeiture funds	35,000	35,000	27,613	(7,387)
Arts Grant	5,000	5,000	5,000	-
Pesticide grant	1,875	1,875	1,855	(20)
TCCR Grant - Tourism Signage	-	-	10,690	10,690
Total other categorical aid	<u>\$ 320,332</u>	<u>\$ 328,560</u>	<u>\$ 275,100</u>	<u>\$ (53,460)</u>
Total categorical aid	<u>\$ 2,045,532</u>	<u>\$ 2,053,760</u>	<u>\$ 2,014,776</u>	<u>\$ (38,984)</u>
Total revenue from the Commonwealth	<u>\$ 3,906,267</u>	<u>\$ 3,914,495</u>	<u>\$ 3,840,151</u>	<u>\$ (74,344)</u>
Revenue from the federal government:				
Categorical aid:				
Local law enforcement block grant	\$ 1,019	\$ 1,019	\$ 1,019	\$ -
Drug forfeiture funds	15,000	15,000	-	(15,000)
Cost allocation plan	40,000	40,000	51,662	11,662
Victim witness grant	-	-	90,371	90,371
Other grants	-	-	1,035	1,035
Total categorical aid	<u>\$ 56,019</u>	<u>\$ 56,019</u>	<u>\$ 144,087</u>	<u>\$ 88,068</u>
Total revenue from the federal government	<u>\$ 56,019</u>	<u>\$ 56,019</u>	<u>\$ 144,087</u>	<u>\$ 88,068</u>
Total General Fund	<u>\$ 17,954,081</u>	<u>\$ 18,922,209</u>	<u>\$ 22,620,711</u>	<u>\$ 3,698,502</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous revenue:				
Expenditure refunds	\$ -	\$ -	\$ 1,285	\$ 1,285
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,285</u>	<u>\$ 1,285</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 680,305	\$ 680,305	\$ 561,860	\$ (118,445)
Total revenue from the Commonwealth	<u>\$ 680,305</u>	<u>\$ 680,305</u>	<u>\$ 561,860</u>	<u>\$ (118,445)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Virginia Public Assistance Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 941,940	\$ 957,802	\$ 1,111,127	\$ 153,325
Total revenue from the federal government	<u>\$ 941,940</u>	<u>\$ 957,802</u>	<u>\$ 1,111,127</u>	<u>\$ 153,325</u>
Total Virginia Public Assistance Fund	<u>\$ 1,622,245</u>	<u>\$ 1,638,107</u>	<u>\$ 1,674,272</u>	<u>\$ 36,165</u>
<b>Airport Commission Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,500	\$ 2,500	\$ 1,650	\$ (850)
Charges for services:				
Sale of fuel	\$ 10,000	\$ 10,000	\$ 151	\$ (9,849)
Miscellaneous revenue:				
Expenditure refunds	\$ -	\$ -	\$ 37	\$ 37
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ 37</u>
Recovered costs:				
Recovered costs - Lawrenceville	\$ 12,796	\$ 12,796	\$ 8,202	\$ (4,594)
Total revenue from local sources	<u>\$ 25,296</u>	<u>\$ 25,296</u>	<u>\$ 10,040</u>	<u>\$ (15,256)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of aviation grant	\$ 13,400	\$ 13,400	\$ 3,040	\$ (10,360)
Total revenue from the Commonwealth	<u>\$ 13,400</u>	<u>\$ 13,400</u>	<u>\$ 3,040</u>	<u>\$ (10,360)</u>
Total Airport Commission Fund	<u>\$ 38,696</u>	<u>\$ 38,696</u>	<u>\$ 13,080</u>	<u>\$ (25,616)</u>
<b>CSA Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	\$ 300	\$ 300	\$ 444	\$ 144
Total miscellaneous	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 444</u>	<u>\$ 144</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act	\$ 619,440	\$ 619,440	\$ 457,831	\$ (161,609)
PSSF grant	1,710	1,710	1,710	-
Total categorical aid	<u>\$ 621,150</u>	<u>\$ 621,150</u>	<u>\$ 459,541</u>	<u>\$ (161,609)</u>
Total revenue from the Commonwealth	<u>\$ 621,150</u>	<u>\$ 621,150</u>	<u>\$ 459,541</u>	<u>\$ (161,609)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>CSA Fund: (Continued)</b>				
Revenue from the federal government:				
Categorical aid:				
TANF/SSBG - TITLE IV-E	\$ -	\$ -	\$ 94	\$ 94
PSSF grant	13,500	13,500	13,500	-
Total categorical aid	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 13,594</u>	<u>\$ 94</u>
Total CSA Fund	<u>\$ 634,950</u>	<u>\$ 634,950</u>	<u>\$ 473,579</u>	<u>\$ (161,371)</u>
<b>Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 3,500	\$ 3,500	\$ 47,860	\$ 44,360
Categorical aid:				
Federal interest subsidy	\$ 60,343	\$ 60,343	\$ 60,538	\$ 195
Total Debt Service Fund	<u>\$ 63,843</u>	<u>\$ 63,843</u>	<u>\$ 108,398</u>	<u>\$ 44,555</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,493	\$ 1,493
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco grant	\$ 332,996	\$ 332,996	\$ 319,900	\$ (13,096)
VA Brownfield Restoration Grant	-	25,000	25,000	-
Total categorical aid	<u>\$ 332,996</u>	<u>\$ 357,996</u>	<u>\$ 344,900</u>	<u>\$ (13,096)</u>
Total revenue from the Commonwealth	<u>\$ 332,996</u>	<u>\$ 357,996</u>	<u>\$ 344,900</u>	<u>\$ (13,096)</u>
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grants	\$ -	\$ 326,600	\$ 105,069	\$ (221,531)
VDOT Grant - Byways Visitor Center	436,630	436,630	160,990	(275,640)
Total categorical aid	<u>\$ 436,630</u>	<u>\$ 763,230</u>	<u>\$ 266,059</u>	<u>\$ (497,171)</u>
Total revenue from the federal government	<u>\$ 436,630</u>	<u>\$ 763,230</u>	<u>\$ 266,059</u>	<u>\$ (497,171)</u>
Total County Capital Improvements Fund	<u>\$ 769,626</u>	<u>\$ 1,121,226</u>	<u>\$ 612,452</u>	<u>\$ (508,774)</u>
Total Primary Government	<u>\$ 21,083,441</u>	<u>\$ 22,419,031</u>	<u>\$ 25,502,492</u>	<u>\$ 3,083,461</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 1,000	\$ 1,000	\$ 900	\$ (100)
Miscellaneous:				
E-Rate	\$ 267,000	\$ 267,000	\$ 258,954	\$ (8,046)
Other miscellaneous	105,000	111,967	93,293	(18,674)
Total miscellaneous	<u>\$ 372,000</u>	<u>\$ 378,967</u>	<u>\$ 352,247</u>	<u>\$ (26,720)</u>
Total revenue from local sources	<u>\$ 373,000</u>	<u>\$ 379,967</u>	<u>\$ 353,147</u>	<u>\$ (26,820)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Brunswick, Virginia	\$ 5,264,250	\$ 4,983,283	\$ 4,766,689	\$ (216,594)
Total revenues from local governments	<u>\$ 5,264,250</u>	<u>\$ 4,983,283</u>	<u>\$ 4,766,689</u>	<u>\$ (216,594)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,414,738	\$ 2,414,738	\$ 2,333,884	\$ (80,854)
Basic school aid	5,344,852	5,344,852	5,496,011	151,159
Remedial summer education	68,461	68,461	95,124	26,663
Regular foster care	18,189	18,189	2,918	(15,271)
Special education foster care	-	-	10,476	10,476
Adult secondary education	37,859	37,859	52,321	14,462
Gifted and talented	55,235	55,235	55,976	741
Remedial education	430,369	430,369	436,150	5,781
Special education	1,044,854	1,044,854	1,058,887	14,033
Special education jails	43,972	43,972	36,300	(7,672)
Textbook payment	42,978	42,978	23,942	(19,036)
Vocational standards of quality payments	199,075	199,075	201,748	2,673
Vocational education - equipment	-	-	5,326	5,326
Vocational occupational preparedness	25,776	25,776	27,087	1,311
Social security fringe benefits	383,190	383,190	388,336	5,146
Retirement fringe benefits	789,394	789,394	799,996	10,602
Group life fringe benefits	23,014	23,014	26,822	3,808
State lottery payments	83,348	83,348	165,375	82,027
Early reading intervention	54,012	54,012	56,360	2,348
Homebound education	6,698	6,698	3,916	(2,782)
At risk payments	660,506	660,506	624,421	(36,085)
At risk payments - 4 year olds	202,814	202,814	162,989	(39,825)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
State disparity initiatives	\$ 532,425	\$ 532,425	\$ 540,144	\$ 7,719
Alternative education	430,528	430,528	430,866	338
Technology	206,000	247,872	204,498	(43,374)
Standards of Learning algebra readiness	41,070	41,070	40,942	(128)
Mentor teacher program	2,033	2,033	842	(1,191)
English as a second language	28,361	28,361	22,325	(6,036)
Industry Certification	-	-	3,009	3,009
VA Workplace Readiness	-	-	697	697
Project Graduation	-	-	11,443	11,443
Math Reading Spec Initiative	-	-	45,371	45,371
Positive Behavioral Intervention and Support	-	25,000	25,000	-
Enrollment loss	-	-	251,930	251,930
CTE Equipment Grant - High Demand	-	4,108	4,108	-
Virginia healthy schools	-	6,250	5,967	(283)
CTE Stem-H Industry Credentials	-	1,130	1,130	-
Other state funds	300,561	300,561	1,000	(299,561)
Total categorical aid	<u>\$ 13,470,312</u>	<u>\$ 13,548,672</u>	<u>\$ 13,653,637</u>	<u>\$ 104,965</u>
Total revenue from the Commonwealth	<u>\$ 13,470,312</u>	<u>\$ 13,548,672</u>	<u>\$ 13,653,637</u>	<u>\$ 104,965</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 657,982	\$ 657,982	\$ 642,267	\$ (15,715)
Title II, Part A	140,733	140,733	140,131	(602)
Title VI-B, special education flow-through	487,047	487,047	531,928	44,881
Vocational education	55,000	55,000	52,011	(2,989)
Title VI-B, special education pre-school	11,005	11,005	11,689	684
Rural and low income schools	36,555	51,656	49,513	(2,143)
Title IV - 21st century learning grant	374,000	374,000	376,949	2,949
Preschool Expansion Grant	382,875	382,875	401,973	19,098
JROTC	51,000	51,000	62,647	11,647
Total categorical aid	<u>\$ 2,196,197</u>	<u>\$ 2,211,298</u>	<u>\$ 2,269,108</u>	<u>\$ 57,810</u>
Total revenue from the federal government	<u>\$ 2,196,197</u>	<u>\$ 2,211,298</u>	<u>\$ 2,269,108</u>	<u>\$ 57,810</u>
Total School Operating Fund	<u>\$ 21,303,759</u>	<u>\$ 21,123,220</u>	<u>\$ 21,042,581</u>	<u>\$ (80,639)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 384,200	384,200	179,443	\$ (204,757)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 25,800	\$ 25,800
Total revenue from local sources	\$ 384,200	\$ 384,200	\$ 205,243	\$ (178,957)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,440	13,440	12,675	\$ (765)
School breakfast program	-	-	3,761	3,761
Total categorical aid	\$ 13,440	\$ 13,440	\$ 16,436	\$ 2,996
Total revenue from the Commonwealth	\$ 13,440	\$ 13,440	\$ 16,436	\$ 2,996
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 820,000	855,600	1,007,317	\$ 151,717
Fresh fruit and vegetables grant	-	-	54,795	54,795
Commodities	-	-	71,478	71,478
Total categorical aid	\$ 820,000	\$ 855,600	\$ 1,133,590	\$ 277,990
Total revenue from the federal government	820,000	855,600	1,133,590	277,990
Total School Cafeteria Fund	\$ 1,217,640	\$ 1,253,240	\$ 1,355,269	\$ 102,029
Total Discretely Presented Component Unit - School Board	\$ 22,521,399	\$ 22,376,460	\$ 22,397,850	\$ 21,390

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 185,946	\$ 198,398	\$ 198,398	\$ -
General and financial administration:				
County administrator	\$ 317,814	\$ 307,814	306,324	\$ 1,490
Independent auditor	35,000	45,000	45,000	-
Commissioner of revenue	221,311	221,311	201,062	20,249
Reassessment	150,000	150,000	106,833	43,167
Treasurer	246,838	246,838	246,490	348
Finance department	234,628	234,628	233,673	955
Information Technology	58,556	58,556	34,888	23,668
DMV select	-	59,645	55,846	3,799
Total general and financial administration	<u>\$ 1,264,147</u>	<u>\$ 1,323,792</u>	<u>\$ 1,230,116</u>	<u>\$ 93,676</u>
Board of elections:				
Electoral board and officials	\$ 34,578	\$ 49,448	\$ 49,447	\$ 1
Registrar	88,867	100,967	98,887	2,080
Total board of elections	<u>\$ 123,445</u>	<u>\$ 150,415</u>	<u>\$ 148,334</u>	<u>\$ 2,081</u>
Total general government administration	<u>\$ 1,573,538</u>	<u>\$ 1,672,605</u>	<u>\$ 1,576,848</u>	<u>\$ 95,757</u>
Judicial administration:				
Courts:				
Circuit court	\$ 33,875	\$ 39,057	\$ 39,057	\$ -
General district court	13,955	13,955	12,666	1,289
Special magistrates	1,000	1,000	469	531
Clerk of the circuit court	318,615	318,615	306,469	12,146
Law library	2,000	2,000	1,183	817
Victim/witness assistance program	131,131	131,131	125,916	5,215
Courthouse security	447,855	460,725	460,453	272
Total courts	<u>\$ 948,431</u>	<u>\$ 966,483</u>	<u>\$ 946,213</u>	<u>\$ 20,270</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 503,743	\$ 503,743	\$ 500,638	\$ 3,105
Asset forfeiture	15,000	15,000	3,648	11,352
Total commonwealth's attorney	<u>\$ 518,743</u>	<u>\$ 518,743</u>	<u>\$ 504,286</u>	<u>\$ 14,457</u>
Total judicial administration	<u>\$ 1,467,174</u>	<u>\$ 1,485,226</u>	<u>\$ 1,450,499</u>	<u>\$ 34,727</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,101,630	\$ 2,560,717	\$ 2,593,407	\$ (32,690)
Sheriff - line of duty	24,700	24,700	24,700	-
Asset forfeiture	35,000	35,000	19,640	15,360
E911 system	632,753	647,305	646,961	344
School resource officer	104,087	108,738	108,560	178
Total law enforcement and traffic control	<u>\$ 2,898,170</u>	<u>\$ 3,376,460</u>	<u>\$ 3,393,268</u>	<u>\$ (16,808)</u>
Fire and rescue services:				
Fire and rescue	\$ 509,757	\$ 536,490	\$ 518,245	\$ 18,245
Medflight program	500	500	500	-
Division of forestry	22,603	22,603	22,603	-
Total fire and rescue services	<u>\$ 532,860</u>	<u>\$ 559,593</u>	<u>\$ 541,348</u>	<u>\$ 18,245</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Meherrin River Regional Jail Authority	\$ 2,438,063	\$ 2,438,063	\$ 2,432,053	\$ 6,010
VJCCCA	635	635	635	-
Probation office	151,410	118,906	101,443	17,463
Total correction and detention	<u>\$ 2,590,108</u>	<u>\$ 2,557,604</u>	<u>\$ 2,534,131</u>	<u>\$ 23,473</u>
Inspections:				
Building	\$ 127,671	\$ 127,671	\$ 123,086	\$ 4,585
Total inspections	<u>\$ 127,671</u>	<u>\$ 127,671</u>	<u>\$ 123,086</u>	<u>\$ 4,585</u>
Other protection:				
Animal control	\$ 136,322	\$ 136,322	\$ 132,171	\$ 4,151
Medical examiner	270	270	120	150
Fire and rescue services	530,207	621,337	527,289	94,048
Emergency services	8,668	8,668	8,634	34
Total other protection	<u>\$ 675,467</u>	<u>\$ 766,597</u>	<u>\$ 668,214</u>	<u>\$ 98,383</u>
Total public safety	<u>\$ 6,824,276</u>	<u>\$ 7,387,925</u>	<u>\$ 7,260,047</u>	<u>\$ 127,878</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Sanitation and waste removal:				
Refuse collection and disposal	\$ 759,716	\$ 759,716	\$ 730,438	\$ 29,278
Litter control	7,194	7,194	7,194	-
Inmate litter control	37,124	84,933	83,943	990
Lake Gaston weed control	90,000	90,000	90,000	-
Total sanitation and waste removal	<u>\$ 894,034</u>	<u>\$ 941,843</u>	<u>\$ 911,575</u>	<u>\$ 30,268</u>
Maintenance of general buildings and grounds:				
General properties	\$ 337,255	\$ 459,837	\$ 459,837	\$ -
Courthouse maintenance	29,000	79,000	74,713	4,287
General engineering/administration	177,665	177,412	172,349	5,063
Total maintenance of general buildings and grounds	<u>\$ 543,920</u>	<u>\$ 716,249</u>	<u>\$ 706,899</u>	<u>\$ 9,350</u>
Total public works	<u>\$ 1,462,954</u>	<u>\$ 1,683,092</u>	<u>\$ 1,643,474</u>	<u>\$ 39,618</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 104,978	\$ 104,978	\$ 104,978	\$ -
Mental health and mental retardation:				
Southside Community Services Board	\$ 73,872	\$ 78,498	\$ 78,498	\$ -
Welfare:				
Local area on aging	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Veteran's exemption on real estate	-	-	11,937	(11,937)
Southside senior citizens center	3,848	3,848	3,848	-
Total welfare	<u>\$ 6,348</u>	<u>\$ 6,348</u>	<u>\$ 18,285</u>	<u>\$ (11,937)</u>
Total health and welfare	<u>\$ 185,198</u>	<u>\$ 189,824</u>	<u>\$ 201,761</u>	<u>\$ (11,937)</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to Southside Virginia Community College	\$ 5,341	\$ 5,341	\$ 5,341	\$ -
Contribution to County School Board	5,264,250	4,983,283	4,766,689	216,594
Head Start program	58,475	58,475	58,475	-
Total education	<u>\$ 5,328,066</u>	<u>\$ 5,047,099</u>	<u>\$ 4,830,505</u>	<u>\$ 216,594</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	\$ 12,505	\$ 12,505	\$ 12,505	\$ -
Water safety council	3,500	5,779	5,778	1
Total parks and recreation	<u>\$ 16,005</u>	<u>\$ 18,284</u>	<u>\$ 18,283</u>	<u>\$ 1</u>
Cultural enrichment:				
Historical society	\$ 900	\$ 900	\$ -	\$ 900
Chamber of commerce	3,159	3,159	3,159	-
Tourism association	19,102	19,102	18,440	662
Taste of Brunswick festival	5,000	5,000	5,000	-
For Christanna Preservation	5,000	10,000	-	10,000
Total cultural enrichment	<u>\$ 33,161</u>	<u>\$ 38,161</u>	<u>\$ 26,599</u>	<u>\$ 11,562</u>
Library:				
Contribution to regional library	\$ 184,838	\$ 184,838	\$ 184,838	\$ -
Total parks, recreation, and cultural	<u>\$ 234,004</u>	<u>\$ 241,283</u>	<u>\$ 229,720</u>	<u>\$ 11,563</u>
Community development:				
Planning and community development:				
Planning	\$ 251,717	\$ 251,717	\$ 216,133	\$ 35,584
Industrial development authority	223,872	223,872	223,872	-
Regional planning commission	23,793	23,793	23,793	-
Roanoke River Regional Business Park	5,000	5,000	5,000	-
Brunswick literacy council	3,501	3,501	3,501	-
Mecklenburg - Brunswick regional airport	17,000	17,000	17,000	-
Art bank	10,000	10,000	10,000	-
Total planning and community development	<u>\$ 534,883</u>	<u>\$ 534,883</u>	<u>\$ 499,299</u>	<u>\$ 35,584</u>
Environmental management:				
Contribution to soil and water district	\$ 11,543	\$ 11,543	\$ 11,543	\$ -
Cooperative extension program:				
Extension office	\$ 70,218	\$ 70,218	\$ 68,893	\$ 1,325
Total community development	<u>\$ 616,644</u>	<u>\$ 616,644</u>	<u>\$ 579,735</u>	<u>\$ 36,909</u>
Capital projects:				
Other capital projects	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Total capital projects	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 691,536	\$ 1,087,722	\$ 1,087,722	\$ -
Interest and other fiscal charges	283,082	283,082	281,005	2,077
Total debt service	<u>\$ 974,618</u>	<u>\$ 1,370,804</u>	<u>\$ 1,368,727</u>	<u>\$ 2,077</u>
Total General Fund	<u>\$ 18,673,972</u>	<u>\$ 19,702,002</u>	<u>\$ 19,148,816</u>	<u>\$ 553,186</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 1,655,179	\$ 1,662,879	\$ 1,654,072	\$ 8,807
Public assistance	345,150	361,012	362,118	(1,106)
Total welfare and social services	<u>\$ 2,000,329</u>	<u>\$ 2,023,891</u>	<u>\$ 2,016,190</u>	<u>\$ 7,701</u>
Total Virginia Public Assistance Fund	<u>\$ 2,000,329</u>	<u>\$ 2,023,891</u>	<u>\$ 2,016,190</u>	<u>\$ 7,701</u>
<b>Airport Commission Fund:</b>				
Public works:				
Maintenance of general buildings and grounds	\$ 67,789	\$ 67,789	\$ 27,563	\$ 40,226
Total Airport Commission Fund	<u>\$ 67,789</u>	<u>\$ 67,789</u>	<u>\$ 27,563</u>	<u>\$ 40,226</u>
<b>CSA Fund:</b>				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 888,000	\$ 969,539	\$ 808,106	\$ 161,433
Total CSA Fund	<u>\$ 888,000</u>	<u>\$ 969,539</u>	<u>\$ 808,106</u>	<u>\$ 161,433</u>
<b>Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 614,311	\$ 614,311	\$ 479,077	\$ 135,234
Interest and other fiscal charges	261,361	261,361	322,159	(60,798)
Total Debt Service Fund	<u>\$ 875,672</u>	<u>\$ 875,672</u>	<u>\$ 801,236</u>	<u>\$ 74,436</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects:				
Alvis Road Housing Planning	\$ -	\$ 26,600	\$ 25,249	\$ 1,351
Demolition of county property	-	49,285	28,580	20,705
Flat Rock Road housing project	-	300,000	76,995	223,005
Byways Visitor Center - TICR	332,996	332,996	34,792	298,204
Byways Visitor Center - NSBP	438,830	438,830	616,067	(177,237)
Total capital projects	<u>\$ 771,826</u>	<u>\$ 1,147,711</u>	<u>\$ 781,683</u>	<u>\$ 366,028</u>
Total County Capital Improvements Fund	<u>\$ 771,826</u>	<u>\$ 1,147,711</u>	<u>\$ 781,683</u>	<u>\$ 366,028</u>
Total Primary Government	<u>\$ 23,277,588</u>	<u>\$ 24,786,604</u>	<u>\$ 23,583,594</u>	<u>\$ 1,203,010</u>

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Elementary and secondary schools	\$ 12,326,427	\$ 12,339,315	\$ 10,736,906	\$ 1,602,409
Guidance services	329,060	329,060	353,096	(24,036)
Homebound instruction	-	-	14,590	(14,590)
Other instructional costs	1,442,337	1,481,755	2,826,336	(1,344,581)
Media services	254,467	254,467	275,121	(20,654)
Office of the principal	1,117,850	1,117,850	1,148,143	(30,293)
Total instruction costs	<u>\$ 15,470,141</u>	<u>\$ 15,522,447</u>	<u>\$ 15,354,192</u>	<u>\$ 168,255</u>
Operating costs:				
Administration, attendance and health services	\$ 778,342	\$ 784,592	\$ 780,177	\$ 4,415
Pupil transportation	1,860,079	1,860,079	1,846,151	13,928
Operation and maintenance of school plant	2,302,958	2,302,958	2,187,469	115,489
School food service and other non-instructional	-	-	1,142	(1,142)
Total operating costs	<u>\$ 4,941,379</u>	<u>\$ 4,947,629</u>	<u>\$ 4,814,939</u>	<u>\$ 132,690</u>
Total education	<u>\$ 20,411,520</u>	<u>\$ 20,470,076</u>	<u>\$ 20,169,131</u>	<u>\$ 300,945</u>
Capital projects:				
Technology	\$ 892,239	\$ 898,268	\$ 837,607	\$ 60,661
Building improvement services	-	35,843	35,843	-
Total capital projects	<u>\$ 892,239</u>	<u>\$ 934,111</u>	<u>\$ 873,450</u>	<u>\$ 60,661</u>
Total School Operating Fund	<u>\$ 21,303,759</u>	<u>\$ 21,404,187</u>	<u>\$ 21,042,581</u>	<u>\$ 361,606</u>
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,217,640	\$ 1,253,240	\$ 1,253,239	\$ 1
Total school food services	<u>\$ 1,217,640</u>	<u>\$ 1,253,240</u>	<u>\$ 1,253,239</u>	<u>\$ 1</u>
Total education	<u>1,217,640</u>	<u>1,253,240</u>	<u>1,253,239</u>	<u>1</u>
Total School Cafeteria Fund	<u>\$ 1,217,640</u>	<u>\$ 1,253,240</u>	<u>\$ 1,253,239</u>	<u>\$ 1</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,521,399</u>	<u>\$ 22,657,427</u>	<u>\$ 22,295,820</u>	<u>\$ 361,607</u>

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## **Statistical Information**

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COUNTY OF BRUNSWICK, VIRGINIA

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General										Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development				
2007-08	\$ 1,319,368	\$ 785,654	\$ 5,659,559	\$ 1,680,903	\$ 3,301,226	\$ 5,426,767	\$ 411,754	\$ 2,010,158	\$ 596,920	\$ 21,192,309		
2008-09	1,370,787	927,890	5,322,982	1,566,564	3,254,460	5,831,744	330,017	800,234	588,556	19,993,234		
2009-10	1,429,532	894,337	5,412,405	1,382,358	3,076,860	4,891,976	265,889	1,025,792	616,328	18,995,477		
2010-11	1,515,442	894,951	5,981,996	1,280,851	2,643,064	5,569,047	250,217	1,147,135	532,083	19,814,786		
2011-12	1,667,583	908,493	6,640,400	1,309,329	2,532,222	6,023,084	300,369	838,812	485,231	20,705,523		
2012-13	1,505,451	1,312,334	6,574,329	1,408,843	2,465,150	5,871,279	252,293	1,570,574	519,431	21,479,684		
2013-14	1,648,242	1,414,529	6,487,385	1,339,319	2,659,973	5,063,297	259,810	3,813,096	800,519	23,486,170		
2014-15	1,579,943	1,307,752	6,000,403	1,306,627	2,567,376	5,262,095	266,468	1,366,109	665,363	20,322,136		
2015-16	1,559,145	1,375,338	7,059,685	1,399,968	2,772,335	5,815,545	257,645	1,010,181	633,693	21,883,535		
2016-17	1,822,713	1,459,765	7,167,141	1,704,854	2,980,849	5,434,742	255,735	677,268	583,281	22,086,348		

COUNTY OF BRUNSWICK, VIRGINIA

Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes (2)	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs (1)	
2007-08	\$ 2,803,425	\$ 6,154,520	\$ 187,078	\$ 8,016,442	\$ 1,981,875	\$ 696,593	\$ 160,996	\$ 1,467,859	\$ 21,468,788
2008-09	2,379,898	5,526,714	133,650	8,463,615	1,871,159	448,917	92,902	1,348,089	20,264,944
2009-10	1,981,025	5,287,025	504,478	8,072,614	1,379,830	348,240	782,103	1,788,640	20,143,955
2010-11	1,635,484	4,778,782	919,646	8,046,938	1,412,931	312,468	50,387	1,744,141	18,900,777
2011-12	1,503,878	4,718,374	494,966	8,010,380	1,467,078	292,678	281,809	1,755,401	18,524,564
2012-13	1,867,072	4,018,912	1,011,564	9,372,346	1,619,833	203,654	88,291	1,788,436	19,970,108
2013-14	1,630,651	4,160,447	392,015	9,313,663	4,033,028	122,685	213,594	1,867,531	21,733,614
2014-15	1,571,419	4,071,497	166,588	9,703,330	3,068,643	123,332	71,038	1,835,661	20,611,508
2015-16	1,684,807	4,191,607	238,644	11,788,542	1,899,602	133,637	150,380	1,825,892	21,913,111
2016-17	2,329,785	4,297,335	682,187	14,348,055	1,617,595	139,209	140,896	1,825,375	25,380,437

(1) Beginning in 2010, communication taxes have been reclassified from local taxes to noncategorical state aid in accordance with APA guidelines.

(2) In FY14, sales tax increased due to construction of a new Dominion Virginia power plant.

(3) In FY16, Public Service Corporation taxes increased due to the new Dominion Virginia power plant.

**COUNTY OF BRUNSWICK, VIRGINIA**

**Table 3**

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

Fiscal Year	General Government										Total
	Admi- stration	Judicial Admi- stration	Public Safety	Public Works	Health and Welfare	Education (3)	Parks, Recreation, and Cultural	Community Development (4)	Debt Service		
2007-08	\$ 1,260,123	\$ 782,040	\$ 5,197,678	\$ 1,622,938	\$ 3,264,597	\$ 24,422,278	\$ 339,565	\$ 398,095	\$ 1,408,253	\$ 38,695,567	
2008-09	1,309,575	928,539	5,017,772	1,547,560	3,237,850	25,282,253	296,089	428,625	1,387,401	39,435,664	
2009-10	1,255,432	894,764	5,101,718	1,431,581	3,053,689	23,596,168	238,501	427,517	1,444,735	37,444,105	
2010-11	1,348,003	896,962	5,574,081	1,348,001	2,631,734	24,699,739	218,762	324,396	1,397,425	38,439,103	
2011-12	1,477,604	911,170	5,588,300	1,404,443	2,503,135	22,001,800	240,993	361,338	1,373,722	35,862,505	
2012-13	1,368,274	1,314,772	5,008,806	1,487,373	2,436,281	21,755,135	221,149	358,448	1,337,326	35,287,564	
2013-14	1,426,940	1,413,644	6,342,689	1,686,456	2,649,948	21,482,142	233,274	3,687,442	1,764,803	40,687,338	
2014-15	1,438,319	1,386,757	6,575,863	1,396,182	2,583,091	21,170,800	239,931	1,363,728	1,716,178	37,870,849	
2015-16	1,568,035	1,483,160	7,051,045	1,812,155	2,834,258	20,966,306	231,108	555,642	1,781,620	38,283,329	
2016-17	1,576,848	1,450,499	7,260,047	1,671,037	3,026,057	21,486,186	229,720	579,735	2,169,963	39,450,092	

- (1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit - School Board.
- (2) Beginning in 2014, includes contributions, equipment purchases, and debt service reported in the capital projects funds.
- (3) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.
- (4) In FY14, the County issued debt to fund the IDA's Rt 58 water/wastewater line project. Although the County funded the project, the IDA owns the lines.

COUNTY OF BRUNSWICK, VIRGINIA

General Governmental Revenues by Source (1)  
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (3,4)	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2,3)	Total
2007-08	\$ 8,066,496	\$ 1,981,875	\$ 85,788	\$ 421,430	\$ 543,245	\$ 2,571,285	\$ 539,261	\$ 189,174	\$ 25,447,367	\$ 39,845,921
2008-09	8,386,280	1,871,159	78,578	419,180	384,480	2,126,721	472,789	333,620	26,024,679	40,097,486
2009-10	8,088,105	1,379,830	76,739	380,180	289,642	1,752,448	526,295	404,534	25,563,454	38,461,227
2010-11	7,995,039	1,412,931	76,377	635,918	310,585	1,148,754	642,979	253,204	25,462,062	37,937,849
2011-12	8,025,149	1,467,078	114,407	771,660	264,789	849,972	774,927	251,681	23,193,175	35,712,838
2012-13	9,303,220	1,619,833	66,134	1,110,627	194,120	909,191	548,676	261,208	22,765,047	36,778,056
2013-14	9,338,344	4,033,028	88,964	908,216	117,282	845,321	649,235	277,405	22,549,870	38,807,665
2014-15	9,693,867	3,068,643	79,046	888,760	123,582	757,019	449,885	374,381	21,951,844	37,387,027
2015-16	11,672,323	1,899,602	65,142	889,369	132,902	908,820	827,220	313,360	22,416,798	39,125,536
2016-17	14,257,624	1,617,595	75,261	1,342,861	138,616	1,091,106	489,443	241,986	23,266,709	42,521,201

(1) Includes General, Special Revenue, and Debt Service funds of the Primary Government and its Discretely Presented Component Unit - School Board.  
 (2) Excludes contribution from Primary Government to Discretely Presented Component Unit - School Board.  
 (3) Beginning in 2010, communication taxes have been reclassified from local taxes to noncategorical state aid in accordance with APA guidelines.  
 (4) In FY14, sales tax increased due to construction of a new Dominion Virginia power plant.

COUNTY OF BRUNSWICK, VIRGINIA

Table 5

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)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1,2)	Percent of Delinquent Taxes to Tax Levy
2007-08	\$ 9,317,543	\$ 8,948,056	96.03%	\$ 309,381	\$ 9,257,437	99.35%	\$ 317,464	3.41%
2008-09	9,633,174	9,437,522	97.97%	136,923	9,574,445	99.39%	323,568	3.36%
2009-10	9,389,459	9,177,332	97.74%	108,565	9,285,897	98.90%	367,103	3.91%
2010-11	9,261,403	9,083,454	98.08%	109,938	9,193,392	99.27%	373,747	4.04%
2011-12	9,300,497	9,073,096	97.55%	138,985	9,212,081	99.05%	366,258	3.94%
2012-13	10,563,964	10,286,914	97.38%	179,496	10,466,410	99.08%	410,941	3.89%
2013-14	10,593,557	10,343,239	97.64%	167,216	10,510,455	99.22%	467,661	4.41%
2014-15	10,913,880	10,630,423	97.40%	240,313	10,870,736	99.60%	473,899	4.34%
2015-16	12,987,541	12,648,599	97.39%	255,928	12,904,527	99.36%	528,917	4.07%
2016-17	15,565,394	15,244,901	97.94%	186,480	15,431,381	99.14%	596,737	3.83%

(1) Exclusive of penalties and interest.

(2) Includes three most current delinquent tax years.

COUNTY OF BRUNSWICK, VIRGINIA

Table 6

Assessed Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Merchants Capital	Public Utility (2)(3)		Total
					Utility (2)	(3)	
2007-08	\$ 1,227,726,495	\$ 120,564,560	\$ 13,807,890	\$ 8,712,840	\$ 47,720,737	\$ 47,720,737	\$ 1,418,532,522
2008-09	1,244,248,352	126,789,950	14,987,150	9,976,970	43,558,835	43,558,835	1,439,561,257
2009-10	1,255,809,406	116,649,080	15,126,730	13,329,680	47,733,432	47,733,432	1,448,648,328
2010-11	1,263,512,522	112,972,160	14,783,740	10,413,170	51,317,760	51,317,760	1,452,999,352
2011-12	1,270,891,564	113,532,430	13,964,740	10,930,340	55,063,974	55,063,974	1,464,383,048
2012-13	1,277,151,565	107,764,740	14,557,930	14,334,730	60,752,103	60,752,103	1,474,561,068
2013-14	1,283,649,442	108,030,830	13,688,110	14,602,910	63,772,289	63,772,289	1,483,743,581
2014-15	1,288,728,276	110,786,565	17,273,840	14,210,700	84,983,256	84,983,256	1,515,982,637
2015-16	1,294,538,346	116,860,850	17,351,320	7,543,250	490,330,633	490,330,633	1,926,624,399
2016-17	1,298,006,765	124,144,270	18,163,830	7,802,300	975,481,233	975,481,233	2,423,598,398

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

(2) Assessed values are established by the State Corporation Commission.

(3) Increase due to new Dominion power plant.

COUNTY OF BRUNSWICK, VIRGINIA

Table 7

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Year	Real Estate		Mobile Homes		Personal Property		Fire and Rescue Volunteers		Machinery and Tools		Merchant's Capital	
2007-08	\$	0.39	\$	0.39	\$	3.40	\$	N/A	\$	3.40	\$	1.20
2008-09		0.39		0.39		3.40		N/A		3.40		1.20
2009-10		0.39		0.39		3.40		N/A		3.40		1.20
2010-11		0.39		0.39		3.40		N/A		3.40		1.20
2011-12		0.39		0.39		3.40		N/A		3.40		1.20
2012-13		0.47		0.47		3.60		N/A		3.40		1.20
2013-14		0.47		0.47		3.60		N/A		3.40		1.20
2014-15		0.47		0.47		3.60		2.40		3.40		1.20
2015-16		0.47		0.47		3.60		2.15		3.40		1.20
2016-17		0.47		0.47		3.60		2.64		3.40		1.20

(1) Per \$100 of assessed value.

**COUNTY OF BRUNSWICK, VIRGINIA**

**Table 8**

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Gross Bonded Debt (3)	Less:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available				
2007-08	18,516	\$ 1,418,533	\$ 10,945,036	-	\$ -	10,945,036	0.77%	591
2008-09	18,263	1,439,561	10,160,699	-	-	10,160,699	0.71%	556
2009-10	18,505	1,448,648	9,352,824	-	-	9,352,824	0.65%	505
2010-11	17,434	1,452,999	8,520,159	-	-	8,520,159	0.59%	489
2011-12	17,400	1,464,383	9,191,681	-	-	9,191,681	0.63%	528
2012-13	17,395	1,474,561	11,363,146	-	-	11,363,146	0.77%	653
2013-14	17,275	1,483,744	15,579,759	-	-	15,579,759	1.05%	902
2014-15	17,235	1,515,983	14,579,257	-	-	14,579,257	0.96%	846
2015-16	16,930	1,926,624	13,476,105	-	-	13,476,105	0.70%	796
2016-17	16,687	2,423,598	11,947,042	-	-	11,947,042	0.49%	716

(1) Weldon Cooper Center for Public Service at the University of Virginia - July 1 estimate.

(2) Real property assessed at 100% of fair market value.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and literary fund loans. Excludes landfill closure/postclosure care liability, capital lease, QZABs, and compensated absences.

## **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*

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**The Honorable Members of  
The Board of Supervisors  
County of Brunswick, 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 County of Brunswick, Virginia as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise County of Brunswick, Virginia's basic financial statements and have issued our report thereon dated February 13, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered County of Brunswick, 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 Brunswick, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Brunswick, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses (2017-001 and 2017-002).

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether County of Brunswick, 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*.

## County of Brunswick, Virginia's Response to Findings

County of Brunswick, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. County of Brunswick, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

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

*Robinson, Farner, Cox Associates*

Charlottesville, Virginia

February 13, 2018

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

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**The Honorable Members of  
The Board of Supervisors  
County of Brunswick, Virginia**

### **Report on Compliance for Each Major Federal Program**

We have audited County of Brunswick, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Brunswick, Virginia's major federal programs for the year ended June 30, 2017. County of Brunswick, 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 Brunswick, 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* 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 Brunswick, 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 Brunswick, Virginia's compliance.

### ***Opinion on Each Major Federal Program***

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

## Report on Internal Control over Compliance

Management of County of Brunswick, 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 County of Brunswick, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Brunswick, 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, Fawcett, Cox Associates*  
Charlottesville, Virginia  
February 13, 2018

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Promoting Safe and Stable Families	93.556	0950115/16	\$ 15,614
Temporary Assistance for Needy Families (TANF)	93.558	0400116/17	235,300
Refugee and Entrant Assistance - State Administered Programs	93.566	0500116/17	751
Low-Income Home Energy Assistance	93.568	0600416/17	25,171
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760116/17	39,012
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116	389
Foster Care - Title IV-E	93.658	1100116/17	88,993
Adoption Assistance	93.659	1120116/17	56,341
Social Services Block Grant	93.667	1000116/17	157,581
Chafee Foster Care Independence Program	93.674	9150116/17	1,127
Children's Health Insurance Program (CHIP)	93.767	0540116/17	9,267
Medical Assistance Program	93.778	1200116/17	<u>294,021</u>
Total Department of Health and Human Services			<u>\$ 923,567</u>
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.555	Unknown	\$ 70,292
Virginia Department of Education:			
National School Lunch Program (NSLP) (Child Nutrition Cluster)	10.555	16/17N109941	<u>737,778</u> \$ 808,070
Virginia Department of Agriculture and Consumer Services:			
Food Distribution--Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unknown	1,186
Virginia Department of Education:			
School Breakfast Program (Child Nutrition Cluster)	10.553	16/17N109941	<u>269,539</u> \$ 1,078,795
Fresh Fruit and Vegetable Program	10.582	15/16/17L160341	54,795
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010116/17, 0040116/17 0050116/17	236,073
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	0060115	<u>16,743</u>
Total Department of Agriculture			<u>\$ 1,386,406</u>

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
 For the Year Ended June 30, 2017

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Defense:				
Direct Payments:				
ROTC	12.U00	N/A		\$ <u>62,647</u>
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-	14.228	CAMS 1610	\$ 78,469	
Entitlement Grants in Hawaii	14.228	CAMS 15PG20	<u>26,600</u>	\$ <u>105,069</u>
Department of Justice:				
Direct payments:				
Bulletproof Vest Partnership Program	16.607	N/A		\$ 1,035
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-R1126LO15		1,019
Crime Victim Assistance	16.575	17-U9272VW15/16-T9272VW15		<u>90,371</u>
Total Department of Justice				\$ <u>92,425</u>
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Transportation:				
Highway Planning and Construction	20.205	SB10-012-VA1		\$ <u>160,990</u>
Total Department of Transportation				\$ <u>160,990</u>
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	S010A150046/16		\$ 642,267
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	H027A140107/15/16	\$ 531,928	
Special Education - Preschool Grants (IDEA Preschool)	84.173	V048A150046/16	<u>11,689</u>	543,617
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	H173A150112/16		52,011
Twenty-First Century Community Learning Centers	84.287	S287C150047/16		376,949
Rural Education	84.358	S358B150046/16		49,513
Title II, Part A - Improving Teacher Quality State Grants	84.367	S367A150044/16		140,131
Preschool Development Grants - Expansion	84.419	S419B150010		<u>401,973</u>
Total Department of Education				\$ <u>2,206,461</u>
Total Expenditures of Federal Awards				\$ <u><u>4,937,565</u></u>

See accompanying notes to schedule of expenditures of federal awards.

## COUNTY OF BRUNSWICK, VIRGINIA

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

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### Note 1 - Basis of Presentation

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

### Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, 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 is reported in the schedule at the fair market value of the commodities received and disbursed.

### Note 4 - Subrecipients

No awards were passed through to subrecipients.

### Note 5 - Indirect Costs

The County has elected not to use the 10% de minimis indirect cost rate.

### Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 144,087
Special Revenue Funds:	
Virginia Public Assistance Fund	1,111,127
CSA Fund	13,594
Debt Service Funds:	
Debt Service Fund	60,538
Capital Projects Funds:	
County Capital Improvements Fund	266,059
Total primary government	\$ <u>1,595,405</u>
Component Unit School Board:	
School Operating Fund	\$ 2,269,108
School Cafeteria Fund	1,133,590
Total component unit School Board	\$ <u>3,402,698</u>
Total federal expenditures per basic financial statements	\$ <u>4,998,103</u>
Reconciling Items:	
Federal interest subsidy	\$ <u>(60,538)</u>
Total reconciling items	\$ <u>(60,538)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>4,937,565</u></u>

**COUNTY OF BRUNSWICK, VIRGINIA**

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

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
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:

CFDA #	Name of Federal Program or Cluster
10.553/10.555/10.559	Child Nutrition Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.287	Twenty-First Century Community Learning Centers
84.419	Preschool Development Grants - Expansion

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

Auditee qualified as low-risk auditee? No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2017-001**

Criteria:	Per Statement on Auditing Standards 115, identification of a material adjustment to the financial statements that was not detected by entity's internal controls indicates that a material weakness may exist.
Condition:	The financial statements required material adjustments by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles (GAAP).
Context:	Several processes conducted by the former Treasurer are no longer managed by the Treasurer's office. Other departments relied on the information provided by the former Treasurer to reconcile accounts, prepare required reports to be submitted to funding agencies, etc. In addition, reconciliations historically prepared by the former Treasurer were not prepared in a timely manner or reviewed in detail by the current Treasurer when recording accrual adjustments in FY17. This led to the need for significant audit adjustments at year-end.

**COUNTY OF BRUNSWICK, VIRGINIA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017 (Continued)

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**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

- Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
- Cause: Management failed to identify all year end accounting adjustments necessary for the financial statements to be prepared in accordance with current reporting standards. Management does not have proper controls in place to detect and correct adjustments in closing their year end financial statements and to reconcile financial activity in order to ensure timely reporting to state agencies, etc.
- Recommendation: Individual departments should work with the Treasurer's office or County Finance Director to obtain the necessary financial data to maintain the records in accordance with GAAP and to file timely reports with the appropriate parties. In addition, the Treasurer should communicate with individual departments to ensure revenues are properly classified and obtain training to assist with year-end audit preparation.
- Management's Response: Individual departments will work with the Treasurer's office or County Finance Director to obtain the necessary financial data to maintain the records in accordance with GAAP and to file timely reports with the appropriate parties.

**2017-002**

- Criteria: Financial information should be prepared and filed in a timely manner.
- Condition: The Annual School Report was not prepared and filed by the statutory deadline of September 15th and several grant reimbursements for school programs were requested several months after year-end. In addition, the School Board did not identify capital asset additions or update the depreciation schedule to reflect capital asset additions and disposals that occurred during the year.
- Context: Several processes conducted by the former Treasurer are no longer managed by the Treasurer's office. The School Board relied on monitoring and other information provided by the former Treasurer to reconcile accounts including the Annual School report. The depreciation schedule is not reviewed and updated as part of the routine financial activities.
- Effect: There is more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
- Cause: Management's historical reliance on reconciliations performed by and extra assistance provided by the former Treasurer led to a lack of understanding of reconciliation procedures and failure to properly monitor the status of grant reimbursements. Management does not have proper controls in place to detect and correct adjustments in closing their year end financial statements and to reconcile financial activity in order to ensure timely reporting to state agencies, etc.
- Recommendation: School management should work with the Treasurer's office or County Finance Director to obtain the necessary financial data to maintain the records in accordance with GAAP and to file timely reports with the appropriate parties. School management should periodically update the depreciation schedule and compare it to the existing inventory listing.
- Management's Response: The depreciation schedule will be reviewed in detail and reconciled to inventory reports prior to audit fieldwork. School finance staff will work with the Treasurer's office or County Finance Director to obtain the necessary financial data to maintain the records in accordance with GAAP and to file timely reports with the appropriate parties.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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

**COUNTY OF BRUNSWICK, VIRGINIA**

Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2017

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There were no federal award findings reported for the year ended June 30, 2016.