

COUNTY OF BRUNSWICK, VIRGINIA



FINANCIAL REPORT YEAR
ENDED JUNE 30, 2016

County of Brunswick, Virginia
Financial Report
For the Year Ended June 30, 2016

COUNTY OF BRUNSWICK, VIRGINIA

Financial Report
For the Year Ended June 30, 2016

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BOARD OF SUPERVISORS

Bernard L. Jones, Sr., Chairman

Barbara Jarrett-Harris

John W. Zubrod

Welton Tyler

Frederick Harrison

COUNTY SOCIAL SERVICES BOARD

Michelle Talbert, Chairman

Alfozo Seward

Jean Moody

Saundra Shye

John W. Zubrod

COUNTY SCHOOL BOARD

Dr. Carolyn P. Jones, Chairman

Roy F. Warwick

Timothy Puryear

Floyd A. Moore, Jr.

Elizabeth Burns

OTHER OFFICIALS

Judge of the Circuit Court
Chief Judge for 6th Judicial Circuit Court
Clerk of the Circuit Court
Commonwealth's Attorney
Commissioner of the Revenue
Treasurer
Sheriff
Superintendent of Schools
Director of Social Services
County Administrator
Chief Judge of the General District Court
Chief Judge of the Juvenile and Domestic Relations Court
Clerk of the School Board

Nathan C. Lee
W. Allen Sharrett
V. Earl Stanley, Jr.
Lezlie S. Green
Wanda J. Beville
Jacqueline Mangrum
Brian K. Roberts
Dora G. Wynn
Deborah Burkett
Dr. Charlette T. Woolridge
Stephen Bloom
Carson E. Saunders, Jr.
Betty Macklin

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 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 14, 2017, 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 14, 2017

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

**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, 2016.

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 \$8,882,020 (net position), an increase of \$29,576 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 \$1,096,759 (Exhibit 5) after making contributions totaling \$5,158,392 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$14,156,270, a decrease of \$1,096,759 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,542,242 or 55% of total general fund expenditures.
- Combined long-term obligations for the governmental funds decreased \$889,895 during the current fiscal year. No new debt was issued during the year. Debt balances decreased \$1,153,106.

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 \$8,882,020 at the close of the most recent fiscal year.

Summary Statement of Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 15,626,646	\$ 16,455,361
Capital assets	15,671,480	16,062,839
Total assets	\$ 31,298,126	\$ 32,518,200
Deferred outflows of resources	\$ 633,401	\$ 612,092
Long-term liabilities	\$ 21,431,026	\$ 22,320,921
Current liabilities	1,154,020	1,011,364
Total liabilities	\$ 22,585,046	\$ 23,332,285
Deferred inflows of resources	\$ 464,461	\$ 945,563
Net position:		
Net investment in capital assets	\$ 5,926,753	\$ 5,287,831
Restricted	571,842	606,608
Unrestricted	2,383,425	2,958,005
Total net position	\$ 8,882,020	\$ 8,852,444

At the end of the current fiscal year, the County's net investment in capital assets was \$5,926,753. 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 \$29,576.

Summary Statement of Change in Net Position

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$ 1,684,807	\$ 1,571,419
Operating grants and contributions	4,191,607	4,071,497
Capital grants and contributions	238,644	166,588
General revenues:		
General property taxes	11,788,542	9,703,330
Other local taxes	1,899,602	3,068,643
Grants and other contributions not restricted	1,825,892	1,835,661
Use of money and property	133,637	123,332
Miscellaneous	150,380	71,038
Total revenues	<u>\$ 21,913,111</u>	<u>\$ 20,611,508</u>
Expenses:		
General government administration	\$ 1,559,145	\$ 1,579,943
Judicial administration	1,375,338	1,307,752
Public safety	7,059,685	6,000,403
Public works	1,399,968	1,306,627
Health and welfare	2,772,335	2,567,376
Education	5,815,545	5,262,095
Parks, recreation, and cultural	257,645	266,468
Community development	1,010,181	1,366,109
Interest on long-term debt	633,693	665,363
Total expenses	<u>\$ 21,883,535</u>	<u>\$ 20,322,136</u>
Increase (decrease) in net position	<u>\$ 29,576</u>	<u>\$ 289,372</u>
Net position, July 1	\$ 8,852,444	\$ 13,153,324
GASB 68 restatement	-	(4,590,252)
Net position, July 1, restated	<u>\$ 8,852,444</u>	<u>\$ 8,563,072</u>
Net position, June 30	<u>\$ 8,882,020</u>	<u>\$ 8,852,444</u>

Government-wide Financial Analysis: (Continued)

Key elements of this increase are as follows:

Total revenues increased by \$1,301,603 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 taxes related to the new Power Plant. Most other revenues showed modest changes.

Total expenses increased by \$1,561,399 over the prior year. The function with the most significant increase (\$1,059,282) was public safety. The County took over operations of the Brunswick Rescue Squad near the end of fiscal year 2015 and fiscal year 2016 was the first full year of operations on the County's books. The sheriff's department expenses also increased over the prior year. The County is still funding the Industrial Development Authority's Route 58 water/wastewater project. The IDA will own water and sewer lines that will be operated and maintained by Town of Lawrenceville, Virginia. 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 \$14,156,270, a decrease of \$1,096,759 in comparison with the prior year. Approximately 74% 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 \$1,196,129 in expenditures and can be briefly summarized as follows:

- \$162,388 in increases for general government administration
- \$395,644 in increases for public safety
- \$492,325 in increases for education
- \$145,772 in other increases

Of this increase, \$1,379,901 was to be funded from miscellaneous revenues. The remaining \$223,573 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 \$400,941, 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, 2016 amounted to \$15,671,480 (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 \$569,222 during the current fiscal year, while accumulated depreciation increased by \$960,581, resulting in a net decrease of \$391,359. St. Paul's Student Center was purchased jointly with the IDA during the year. Other additions included several new vehicles, including two new trash trucks, a new phone system for the courthouse, voting equipment, and an emergency generator. 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 \$21,431,026 for its governmental operations. Of this amount \$11,635,997 comprises obligations backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations (\$9,795,029) 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 \$889,895 during the current fiscal year. Required payments made on outstanding principal balances 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 5.5 percent, which is a decrease from a rate of 6.2 percent a year ago. This is slightly higher than the state's average unemployment rate of 4.0 percent and the national average rate of 4.6 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 2017 fiscal year.

The County's fiscal year 2017 budget amounted to \$18,013,542 (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, 2016

	Primary Government		Component Units	
	Governmental Activities		School Board	IDA
ASSETS				
Cash and cash equivalents	\$ 11,004,369	\$	944,822	\$ 3,428,037
Receivables (net of allowance for uncollectibles):				
Taxes receivable	563,870		-	-
Accounts receivable	353,213		44,696	84,014
Due from component units	500,000		-	-
Due from other governmental units	729,803		1,503,177	-
Inventories	5,085		-	-
Restricted assets:				
Cash and cash equivalents	676,028		-	225,178
Investments (in custody of others)	1,794,278		-	-
Other assets:				
Land and improvements held for sale	-		-	2,659,004
Investment in industrial assets	-		-	8,111,951
Leases receivable	-		-	498,499
Net pension asset	-		-	50,041
Capital assets (net of accumulated depreciation):				
Land	731,874		25,822	41,048
Buildings and improvements	12,550,517		6,511,584	315,717
Machinery, equipment, and vehicles	1,947,189		906,659	4,032
Intangibles	163,050		-	-
Construction in progress	278,850		-	-
Total assets	\$ 31,298,126	\$	9,936,760	\$ 15,417,521
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	\$ 10,302	\$	-	\$ -
Pension contributions subsequent to measurement date	623,099		1,245,163	11,739
Items related to measurement of net pension asset	-		-	111
Total deferred outflows of resources	\$ 633,401	\$	1,245,163	\$ 11,850
LIABILITIES				
Accounts payable	\$ 351,953	\$	142,387	\$ 303
Accrued liabilities	-		1,869,210	-
Escrow accounts	-		-	31,914
Accrued interest payable	802,067		-	-
Due to primary government	-		-	500,000
Long-term liabilities:				
Due within one year	1,237,993		57,320	96,049
Due in more than one year	20,193,033		16,888,538	149,544
Total liabilities	\$ 22,585,046	\$	18,957,455	\$ 777,810
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on sale-leaseback	\$ -	\$	-	\$ 17,334
Items related to measurement of net pension liability/asset	464,461		3,317,056	8,016
Total deferred inflows of resources	\$ 464,461	\$	3,317,056	\$ 25,350
NET POSITION				
Net investment in capital assets	\$ 5,926,753	\$	7,444,065	\$ 8,227,155
Restricted:				
Anti-litter	275		-	-
Electronic summons	112,050		-	-
Law library	23,324		-	-
Drug enforcement	101,982		-	-
Courthouse maintenance	99,508		-	-
Courthouse security	200,571		-	-
CSA administration	34,132		-	-
Unrestricted (deficit)	2,383,425		(18,536,653)	6,399,056
Total net position	\$ 8,882,020	\$	(11,092,588)	\$ 14,626,211

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, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,559,145	\$ 44,310	\$ 244,219	\$ 3,500
Judicial administration	1,375,338	1,199,927	560,305	-
Public safety	7,059,685	112,696	1,297,731	111,046
Public works	1,399,968	326,539	9,305	24,952
Health and welfare	2,772,335	-	2,075,047	-
Education	5,815,545	-	-	60,603
Parks, recreation, and cultural	257,645	-	5,000	7,276
Community development	1,010,181	1,335	-	31,267
Interest on long-term debt	633,693	-	-	-
Total governmental activities	<u>\$ 21,883,535</u>	<u>\$ 1,684,807</u>	<u>\$ 4,191,607</u>	<u>\$ 238,644</u>
COMPONENT UNITS:				
School Board	\$ 21,852,786	\$ 178,524	\$ 16,544,622	\$ -
Industrial Development Authority	734,920	324,049	-	-
Total component units	<u>\$ 22,587,706</u>	<u>\$ 502,573</u>	<u>\$ 16,544,622</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
 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

Net (Expense) Revenue and Changes in Net Position			
Primary	Component Units		
Government	School		
Governmental	Board	IDA	
Activities			
\$ (1,267,116)			
384,894			
(5,538,212)			
(1,039,172)			
(697,288)			
(5,754,942)			
(245,369)			
(977,579)			
(633,693)			
<u>\$ (15,768,477)</u>			
	\$ (5,129,640)	\$ -	
	-	(410,871)	
	<u>\$ (5,129,640)</u>	<u>\$ (410,871)</u>	
\$ 11,788,542	\$ -	\$ -	
1,165,176	-	-	
255,246	-	-	
322,059	-	-	
157,121	-	-	
-	5,753,394	267,109	
133,637	1,036	9,043	
150,380	676,840	-	
1,825,892	-	-	
<u>\$ 15,798,053</u>	<u>\$ 6,431,270</u>	<u>\$ 276,152</u>	
29,576	1,301,630	(134,719)	
8,852,444	(12,394,218)	14,760,930	
<u>\$ 8,882,020</u>	<u>\$ (11,092,588)</u>	<u>\$ 14,626,211</u>	

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Fund Financial Statements

Balance Sheet
 Governmental Funds
 June 30, 2016

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 10,339,747	\$ -	\$ 536,650	\$ 125,639	\$ 2,333	\$ 11,004,369
Receivables (net of allowance for uncollectibles):						
Taxes receivable	563,870	-	-	-	-	563,870
Accounts receivable	336,851	-	-	-	16,362	353,213
Due from other funds	145,142	-	-	-	-	145,142
Due from component unit	500,000	-	-	-	-	500,000
Due from other governmental units	513,582	135,840	-	3,400	76,981	729,803
Inventories	-	-	-	-	5,085	5,085
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	-	-	-	676,028	-	676,028
Investments	-	-	1,794,278	-	-	1,794,278
Total assets	\$ 12,399,192	\$ 135,840	\$ 2,330,928	\$ 805,067	\$ 100,761	\$ 15,771,788
LIABILITIES						
Accounts payable	\$ 295,673	\$ 7,060	\$ -	\$ 3,400	\$ 45,820	\$ 351,953
Accrued interest payable	-	-	616,263	-	-	616,263
Due to other funds	-	128,780	-	-	16,362	145,142
Total liabilities	\$ 295,673	\$ 135,840	\$ 616,263	\$ 3,400	\$ 62,182	\$ 1,113,358
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 502,160	\$ -	\$ -	\$ -	\$ -	\$ 502,160
FUND BALANCES						
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 5,085	\$ 5,085
Long-term loans and advances	500,000	-	-	-	-	500,000
Restricted:						
Anti-litter	275	-	-	-	-	275
Electronic summons	112,050	-	-	-	-	112,050
Law library	23,324	-	-	-	-	23,324
Drug enforcement	101,982	-	-	-	-	101,982
Courthouse maintenance	99,508	-	-	-	-	99,508
Courthouse security	200,571	-	-	-	-	200,571
Debt service funds - QZABs	-	-	1,178,015	-	-	1,178,015
CSA administration	-	-	-	-	34,132	34,132
Committed:						
Historic Courthouse renovations	-	-	-	395,813	-	395,813
Rt 58 water/wastewater infrastructure	-	-	-	280,215	-	280,215
Debt service funds	-	-	536,650	-	-	536,650
Assigned:						
DMV Select	17,979	-	-	-	-	17,979
Water safety	3,428	-	-	-	-	3,428
Other capital projects	-	-	-	125,639	-	125,639
Unassigned:						
General fund	10,542,242	-	-	-	-	10,542,242
Special revenue funds	-	-	-	-	(638)	(638)
Total fund balances	\$ 11,601,359	\$ -	\$ 1,714,665	\$ 801,667	\$ 38,579	\$ 14,156,270
Total liabilities, deferred inflows of resources and fund balances	\$ 12,399,192	\$ 135,840	\$ 2,330,928	\$ 805,067	\$ 100,761	\$ 15,771,788

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, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	14,156,270
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$	731,874
Buildings and improvements		12,550,517
Machinery, equipment, and vehicles		1,947,189
Intangibles		163,050
Construction in progress		<u>278,850</u>
		15,671,480
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		502,160
The deferred charge on refunding is to be amortized as interest expense over the life of the debt.		10,302
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.		623,099
Items related to measurement of the net pension liability are considered deferred inflows and will be amortized and recognized in pension expense over future years.		(464,461)
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	\$	(7,981,800)
General obligation bonds		(5,494,305)
Plus: Premium on issuance		(66,262)
Qualified zone academy bonds		(1,813,229)
Landfill closure/postclosure liability		(614,434)
Early retirement incentive costs		(265,100)
Brodnax sewer capacity agreement		(165,984)
Compensated absences		(553,976)
Net pension liability		(4,235,193)
Net OPEB obligation		(240,743)
Accrued interest payable		<u>(185,804)</u>
		<u>(21,616,830)</u>
Net position of governmental activities	\$	<u><u>8,882,020</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, 2016

REVENUES	General	Virginia Public Assistance	Debt Service	County Capital Improve- ments	Other Govern- mental Funds	Total
General property taxes	\$ 11,672,323	\$ -	\$ -	\$ -	\$ -	\$ 11,672,323
Other local taxes	1,899,602	-	-	-	-	1,899,602
Permits, privilege fees, and regulatory licenses	65,142	-	-	-	-	65,142
Fines and forfeitures	889,369	-	-	-	-	889,369
Revenue from the use of money and property	84,990	-	43,276	1,771	3,600	133,637
Charges for services	729,581	-	-	-	715	730,296
Miscellaneous	148,710	1,643	-	-	27	150,380
Recovered costs	296,998	-	-	-	16,362	313,360
Intergovernmental:						
Commonwealth	3,938,030	536,442	-	100,466	439,690	5,014,628
Federal	66,544	1,059,367	60,603	41,501	13,500	1,241,515
Total revenues	<u>\$ 19,791,289</u>	<u>\$ 1,597,452</u>	<u>\$ 103,879</u>	<u>\$ 143,738</u>	<u>\$ 473,894</u>	<u>\$ 22,110,252</u>
EXPENDITURES						
Current:						
General government administration	\$ 1,568,035	\$ -	\$ -	\$ -	\$ -	\$ 1,568,035
Judicial administration	1,483,160	-	-	-	-	1,483,160
Public safety	7,051,045	-	-	-	-	7,051,045
Public works	1,738,257	-	-	-	73,898	1,812,155
Health and welfare	195,846	1,975,700	-	-	662,712	2,834,258
Education	5,220,543	-	-	-	-	5,220,543
Parks, recreation, and cultural	231,108	-	-	-	-	231,108
Community development	555,642	-	-	421,513	-	977,155
Capital projects	7,500	-	-	240,432	-	247,932
Debt service:						
Principal retirement	671,236	-	468,652	-	-	1,139,888
Interest and other fiscal charges	301,328	-	340,404	-	-	641,732
Total expenditures	<u>\$ 19,023,700</u>	<u>\$ 1,975,700</u>	<u>\$ 809,056</u>	<u>\$ 661,945</u>	<u>\$ 736,610</u>	<u>\$ 23,207,011</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 767,589</u>	<u>\$ (378,248)</u>	<u>\$ (705,177)</u>	<u>\$ (518,207)</u>	<u>\$ (262,716)</u>	<u>\$ (1,096,759)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 378,248	\$ 628,902	\$ 202,523	\$ 272,476	\$ 1,482,149
Transfers out	(1,482,149)	-	-	-	-	(1,482,149)
Total other financing sources (uses)	<u>\$ (1,482,149)</u>	<u>\$ 378,248</u>	<u>\$ 628,902</u>	<u>\$ 202,523</u>	<u>\$ 272,476</u>	<u>\$ -</u>
Net change in fund balances	\$ (714,560)	\$ -	\$ (76,275)	\$ (315,684)	\$ 9,760	\$ (1,096,759)
Fund balances - beginning	12,315,919	-	1,790,940	1,117,351	28,819	15,253,029
Fund balances - ending	<u>\$ 11,601,359</u>	<u>\$ -</u>	<u>\$ 1,714,665</u>	<u>\$ 801,667</u>	<u>\$ 38,579</u>	<u>\$ 14,156,270</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, 2016

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

Net change in fund balances - total governmental funds \$ (1,096,759)

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	\$	1,080,087	
Depreciation		(876,444)	
Adjustment for jointly owned assets		(440,652)	
Depreciation adjustment for jointly owned assets		<u>(154,350)</u>	(391,359)

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. 116,219

The change in deferred inflows related to the measurement of the net pension liability is not reported in governmental funds. 481,103

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	\$	13,218	
Payment of principal		1,139,888	
Increase in landfill closure/postclosure care liability		<u>(6,080)</u>	1,147,026

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	\$	21,829	
Net pension liability		(239,058)	
Deferred outflows - pension contributions subsequent to measurement date		35,657	
Net OPEB obligation		(39,902)	
Amortization of deferred charge on refunding		(14,348)	
Accrued interest payable		<u>9,168</u>	<u>(226,654)</u>

Change in net position of governmental activities \$ 29,576

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2016

	<u>Agency Funds</u>
ASSETS	
<hr/>	
Cash and cash equivalents	\$ 30,835
Other receivables	3,550
Total assets	<u>\$ 34,385</u>
LIABILITIES	
<hr/>	
Amounts held for social services clients	\$ 3,990
Amounts held for others	7,640
Escrow deposits payable	22,755
Total liabilities	<u>\$ 34,385</u>

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

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements
As of June 30, 2016

Note 1–Summary of Significant Accounting Policies:

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, 2016 (Continued)

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. 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, 2016.

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, 2016.

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, 2016 (Continued)

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

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 \$187,892 in operating funds to the Library in 2016.

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 \$73,872 as operating grants to the Southside Community Services Board for the fiscal year ended June 30, 2016.

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 \$2,579,219 to the Jail for the fiscal year ended June 30, 2016.

COUNTY OF BRUNSWICK, VIRGINIA

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

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

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, 2016 (Continued)

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

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, 2016.

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, 2016 (Continued)

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

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 2016.

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, 2016 (Continued)

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

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.
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, 2016 (Continued)

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

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 \$132,500 at June 30, 2016 and is comprised solely of property taxes.

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable 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, 2016 (Continued)

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

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, 2016 (Continued)

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

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 two items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item 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 and 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, 2016 (Continued)

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

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, 2016 (Continued)

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

S. Adoption of Accounting Principles

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

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

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

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

T. Upcoming Pronouncements

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

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.

COUNTY OF BRUNSWICK, VIRGINIA

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

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

T. Upcoming Pronouncements: (Continued)

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

Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, addresses a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*, improves financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016.

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.

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

Note 2—Deposits and Investments:

Deposits

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

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 2—Deposits and Investments: (Continued)

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, 2016 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.

The County’s and IDA’s rated debt investments as of June 30, 2016 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.

Rated Debt Investments' Values	
Rated Debt Investments	Ratings
	AAAm
Governmental Activities:	
Money market mutual funds	\$ 280,142
Local government investment pool	3,574
Total	\$ 283,716
	AAAm
Component Unit Industrial Development Authority:	
Local government investment pool	\$ 366,075

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 2—Deposits and Investments: (Continued)

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.

<u>Investment Maturities (in years)</u>		
<u>Investment Type</u>	<u>Value</u>	<u>1 Year</u>
Governmental Activities:		
LGIP	\$ <u>3,574</u>	\$ <u>3,574</u>
Component Unit Industrial Development Authority:		
LGIP	\$ <u>366,075</u>	\$ <u>366,075</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.

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 2015 were levied by the County Board of Supervisors on June 17, 2015, on the assessed value listed as of January 1, 2015.

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.

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 4—Receivables:

Receivables at June 30, 2016 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	\$ 696,370	\$ -	\$ 696,370	\$ -	\$ -
Allowance for uncollectibles	(132,500)	-	(132,500)	-	-
Net taxes receivable	<u>\$ 563,870</u>	<u>\$ -</u>	<u>\$ 563,870</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts receivable:					
Landfill host fees	\$ 59,990	\$ -	\$ 59,990	\$ -	\$ -
Landfill inspection costs	42,370	-	42,370	-	-
Utility and consumption taxes	24,233	-	24,233	-	-
Foundation grant	75,000	-	75,000	-	-
Court fines	61,242	-	61,242	-	-
Transport billing services	23,823	-	23,823	-	-
Airport recovery	-	16,362	16,362	-	-
Expenditure refunds	-	-	-	22,342	-
Other	50,193	-	50,193	22,354	84,014
Total accounts receivable	<u>\$ 336,851</u>	<u>\$ 16,362</u>	<u>\$ 353,213</u>	<u>\$ 44,696</u>	<u>\$ 84,014</u>
Leases receivable:					
Social Services	\$ -	\$ -	\$ -	\$ -	\$ 207,529
Ackerman	-	-	-	-	290,970
Total leases receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,499</u>

As of June 30, 2016, the Ackerman lease had a past due balance of \$37,444.

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 5—Due to/from Component Units:

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

See Note 21 for further details.

Note 6—Due from Other Governmental Units:

At June 30, 2016, the County has 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>
Commonwealth of Virginia:						
Local sales taxes	\$ 174,468	\$ -	\$ -	\$ 174,468	\$ -	-
State sales taxes	-	-	-	-	411,920	-
Communication sales taxes	66,176	-	-	66,176	-	-
Public assistance	-	45,776	-	45,776	-	-
Comprehensive services	-	76,981	-	76,981	-	-
Shared expenses and grants	208,554	-	-	208,554	-	-
Wireless E911 revenues	20,869	-	-	20,869	-	-
Victim witness	24,725	-	-	24,725	-	-
Other	18,790	-	-	18,790	-	-
Federal government:						
Public assistance	-	90,064	-	90,064	-	-
CDBG funds	-	-	3,400	3,400	-	-
Title I	-	-	-	-	246,083	-
Title VI-B	-	-	-	-	159,327	-
Teacher quality	-	-	-	-	57,457	-
E-Rate project	-	-	-	-	111,155	-
Nutrition	-	-	-	-	184,024	-
Twenty-first century	-	-	-	-	96,429	-
VPI Plus	-	-	-	-	198,438	-
Other	-	-	-	-	38,344	-
Total	<u>\$ 513,582</u>	<u>\$ 212,821</u>	<u>\$ 3,400</u>	<u>\$ 729,803</u>	<u>\$ 1,503,177</u>	<u>\$ -</u>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 7—Capital Assets:

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

Primary Government:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 731,874	\$ -	\$ -	\$ 731,874
Construction in Progress	<u>269,685</u>	<u>9,165</u>	<u>-</u>	<u>278,850</u>
Total capital assets not being depreciated	<u>\$ 1,001,559</u>	<u>\$ 9,165</u>	<u>\$ -</u>	<u>\$ 1,010,724</u>
Other capital assets:				
Buildings and improvements	\$ 12,075,793	\$ 200,000	\$ -	\$ 12,275,793
Machinery, equipment and vehicles	5,154,488	870,922	70,213	5,955,197
Intangibles	344,214	-	-	344,214
Jointly owned assets	<u>7,748,186</u>	<u>-</u>	<u>440,652</u>	<u>7,307,534</u>
Total other capital assets	<u>\$ 25,322,681</u>	<u>\$ 1,070,922</u>	<u>\$ 510,865</u>	<u>\$ 25,882,738</u>
Accumulated depreciation:				
Buildings and improvements	\$ 4,733,296	\$ 311,366	\$ -	\$ 5,044,662
Machinery, equipment and vehicles	3,522,201	556,020	70,213	4,008,008
Intangibles	172,106	9,058	-	181,164
Jointly owned assets	<u>1,833,798</u>	<u>256,803</u>	<u>102,453</u>	<u>1,988,148</u>
Total accumulated depreciation	<u>\$ 10,261,401</u>	<u>\$ 1,133,247</u>	<u>\$ 172,666</u>	<u>\$ 11,221,982</u>
Other capital assets, net	<u>\$ 15,061,280</u>	<u>\$ (62,325)</u>	<u>\$ 338,199</u>	<u>\$ 14,660,756</u>
Net capital assets	<u>\$ 16,062,839</u>	<u>\$ (53,160)</u>	<u>\$ 338,199</u>	<u>\$ 15,671,480</u>

Capital assets include idle assets with a carrying value of \$15,895 as of June 30, 2016.

Depreciation is allocated to:

General government administration	\$ 226,503
Judicial administration	4,243
Public safety	465,318
Public works	128,926
Health and welfare	24,917
Education	256,803
Parks and recreation	<u>26,537</u>
Total	<u>\$ 1,133,247</u>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 7—Capital Assets: (Continued)

Component Unit-School Board:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
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	4,797,383	480,201	-	5,277,584
Jointly owned assets	4,748,286	440,652	-	5,188,938
Total other capital assets	\$ 18,862,343	\$ 920,853	\$ -	\$ 19,783,196
Accumulated depreciation:				
Buildings and improvements	\$ 6,071,095	\$ 131,084	\$ -	\$ 6,202,179
Machinery, equipment and vehicles	4,059,405	311,520	-	4,370,925
Jointly owned assets	1,595,537	196,312	-	1,791,849
Total accumulated depreciation	\$ 11,726,037	\$ 638,916	\$ -	\$ 12,364,953
Other capital assets, net	\$ 7,136,306	\$ 281,937	\$ -	\$ 7,418,243
Net capital assets	\$ 7,162,128	\$ 281,937	\$ -	\$ 7,444,065
Depreciation is allocated to education		\$ 638,916		

- 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, 2016, is that school financed assets in the amount of \$5,319,386 net are reported in the Primary Government for financial reporting purposes.

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 7—Capital Assets: (Continued)

Component Unit-Industrial Development Authority:

	<u>Balance July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Capital assets not being depreciated:				
Land	\$ 39,142	\$ 1,906	\$ -	\$ 41,048
Other capital assets:				
Buildings	\$ 199,098	\$ 199,738	\$ -	\$ 398,836
Improvements	26,022	-	-	26,022
Machinery, equipment and vehicles	37,659	-	-	37,659
Total other capital assets	\$ 262,779	\$ 199,738	\$ -	\$ 462,517
Accumulated depreciation:				
Buildings	\$ 78,014	\$ 5,105	\$ -	\$ 83,119
Improvements	26,022	-	-	26,022
Machinery, equipment and vehicles	32,283	1,344	-	33,627
Total accumulated depreciation	\$ 136,319	\$ 6,449	\$ -	\$ 142,768
Other capital assets, net	\$ 126,460	\$ 193,289	\$ -	\$ 319,749
Net capital assets	\$ <u>165,602</u>	\$ <u>195,195</u>	\$ <u>-</u>	\$ <u>360,797</u>
Depreciation is allocated to the Industrial Development Authority			\$ <u>6,449</u>	

Note 8—Unearned and Unavailable Revenue:

The government's unavailable and unearned revenue consist of the following at June 30, 2016:

	<u>Government-wide Statements</u>		
	<u>Governmental Activities</u>	<u>Component Unit Industrial Development Authority</u>	<u>Balance Sheet Governmental Funds</u>
Primary Government:			
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.	\$ -	\$ -	\$ 502,160
Component Unit Industrial Development Authority:			
Deferred gain on sale-leaseback:			
Long-term profit on sale of building amortized annually through 2022	\$ -	\$ 17,334	\$ -

COUNTY OF BRUNSWICK, VIRGINIA

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

	<u>Balance July 1, 2015</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2016</u>
Primary Government:				
Bonds payable:				
Lease revenue bonds	\$ 8,644,300	\$ -	\$ 662,500	\$ 7,981,800
General obligation bonds:				
School	5,934,957	-	440,652	5,494,305
Premium on issuance	79,480	-	13,218	66,262
Qualified Zone Academy Bonds	1,813,229	-	-	1,813,229
Total bonds payable	<u>\$ 16,471,966</u>	<u>\$ -</u>	<u>\$ 1,116,370</u>	<u>\$ 15,355,596</u>
Early retirement incentive costs	293,100	-	28,000	265,100
Sewer capacity agreement	174,720	-	8,736	165,984
Landfill closure/postclosure liability	608,354	6,080	-	614,434
Compensated absences	575,805	-	21,829	553,976
Net pension liability	3,996,135	1,811,103	1,572,045	4,235,193
Net OPEB obligation	200,841	51,702	11,800	240,743
Total payable from governmental activities	<u>\$ 22,320,921</u>	<u>\$ 1,868,885</u>	<u>\$ 2,758,780</u>	<u>\$ 21,431,026</u>
Component Unit Activities:				
School Board				
Compensated absences	\$ 574,837	\$ -	\$ 1,635	\$ 573,202
Net pension liability	16,417,558	4,779,549	5,234,489	15,962,618
Net OPEB obligation	368,666	76,672	35,300	410,038
Total payable from School Board	<u>\$ 17,361,061</u>	<u>\$ 4,856,221</u>	<u>\$ 5,271,424</u>	<u>\$ 16,945,858</u>
Industrial Development Authority				
Water and sewer bond	\$ 400,700	\$ -	\$ 400,700	\$ -
Rural Development loan	73,542	-	73,542	-
Other loan	338,824	-	93,231	245,593
Total payable from IDA	<u>\$ 813,066</u>	<u>\$ -</u>	<u>\$ 567,473</u>	<u>\$ 245,593</u>
Total payable from component unit activities	<u>\$ 18,174,127</u>	<u>\$ 4,856,221</u>	<u>\$ 5,838,897</u>	<u>\$ 17,191,451</u>
Total long-term obligations	<u>\$ 40,495,048</u>	<u>\$ 6,725,106</u>	<u>\$ 8,597,677</u>	<u>\$ 38,622,477</u>
Reconciliation to Exhibit 1:				
		<u>Component Units</u>		
		<u>Primary</u>	<u>Industrial</u>	
		<u>Government</u>	<u>Development</u>	
			<u>Authority</u>	<u>Total</u>
Long-term liabilities:				
Due within one year	\$ 1,237,993	\$ 57,320	\$ 96,049	\$ 1,391,362
Due in more than one year	20,193,033	16,888,538	149,544	37,231,115
Total long-term obligations	<u>\$ 21,431,026</u>	<u>\$ 16,945,858</u>	<u>\$ 245,593</u>	<u>\$ 38,622,477</u>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 9—Long-Term Obligations: (Continued)

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>
2017	\$ 1,182,595	\$ 605,239
2018	841,339	574,749
2019	1,529,655	533,230
2020	2,015,977	474,370
2021	891,669	430,458
2022-2026	4,539,735	1,666,621
2027-2031	3,236,766	913,086
2032-2035	<u>1,548,944</u>	<u>103,107</u>
Total	\$ <u>15,786,680</u>	\$ <u>5,300,860</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>
2017	\$ 96,049	\$ 6,653
2018	98,952	3,750
2019	<u>50,592</u>	<u>758</u>
Total	\$ <u>245,593</u>	\$ <u>11,161</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, 2016 (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 6/30/16 was \$38,640,000.

Details of Long-Term Obligations:

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities:</u>		
<u>Lease Revenue Bonds:</u>		
\$3,233,900 Lease revenue bonds, payable in various annual installments ranging from \$243,300 to \$352,800, due on November 15 through 2016, interest payable semi-annually at a rate of 3.76%	\$ 352,800	\$ 352,800
\$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%	2,654,000	125,000
\$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>4,975,000</u>	<u>205,000</u>
Total lease revenue bonds	<u>\$ 7,981,800</u>	<u>\$ 682,800</u>
<u>General Obligation School Bonds:</u>		
\$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%	\$ 642,689	\$ 72,694
Plus: Premium on issuance	15,057	3,438
\$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%	3,641,616	297,383
Plus: Premium on issuance	51,205	8,544
\$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>1,210,000</u>	<u>80,000</u>
Total general obligation bonds	<u>\$ 5,560,567</u>	<u>\$ 462,059</u>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 9—Long-Term Obligations: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Governmental Activities: (Continued)</u>		
<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>614,434</u>	\$ <u>-</u>
<u>Compensated absences (payable from general fund)</u>	\$ <u>553,976</u>	\$ <u>55,398</u>
<u>Net pension liability</u>	\$ <u>4,235,193</u>	\$ <u>-</u>
<u>Net OPEB Obligation</u>	\$ <u>240,743</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>265,100</u>	\$ <u>29,000</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>165,984</u>	\$ <u>8,736</u>
Total long-term obligations from governmental activities	\$ <u><u>21,431,026</u></u>	\$ <u><u>1,237,993</u></u>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 9—Long-Term Obligations: (Continued)

Details of Long-Term Obligations: (Continued)

	<u>Amount Outstanding</u>	<u>Due within One year</u>
<u>Component Unit Activities:</u>		
<u>School Board:</u>		
<u>Compensated absences</u>	\$ <u>573,202</u>	\$ <u>57,320</u>
<u>Net pension liability</u>	\$ <u>15,962,618</u>	\$ <u>-</u>
<u>Net OPEB obligation</u>	\$ <u>410,038</u>	\$ <u>-</u>
Total long-term obligations from School Board	\$ <u>16,945,858</u>	\$ <u>57,320</u>
<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%	\$ <u>245,593</u>	\$ <u>96,049</u>
Total long-term obligations from Industrial Development Authority	\$ <u>245,593</u>	\$ <u>96,049</u>
Total long-term obligations	\$ <u>38,622,477</u>	\$ <u>1,391,362</u>

Note 10—Compensated Absences:

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:

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 this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance 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.

At year end, the County had the Byways Visitor Center project underway, which is presented in the financial statements as construction in progress. Contract amounts for the Byways Visitor Center project total \$335,218 with \$61,273 outstanding at June 30, 2016.

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 12–Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County 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:

At June 30, 2016, 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:

The School Board contributed \$26,500 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 2016. 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.

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 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.

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

The System administers three different benefit structures for covered employees – Plan 1, Plan 2, and, Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>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>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees. • Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member</p>	<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory</p>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions (Cont.) contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions (Cont.) contribution but all employees will be paying the full 5% by July 1, 2016.</p>	<p>Retirement Contributions (Cont.) 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>
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member’s total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting (Cont.)</p>	<p>Vesting (Cont.)</p>	<p>Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> <ul style="list-style-type: none"> • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p> </p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15—Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

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

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage (Cont.)	Disability Coverage (Cont.)	Disability Coverage (Cont.) 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.
Purchase of Prior Service 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.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

The system issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report-pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15—Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	68	45
Inactive members:		
Vested inactive members	14	1
Non-vested inactive members	11	7
Inactive members active elsewhere in VRS	<u>53</u>	<u>5</u>
Total inactive members	78	13
Active members	<u>105</u>	<u>48</u>
Total covered employees	<u><u>251</u></u>	<u><u>106</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, 2016 was 13.77% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$623,099 and \$587,442 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2016 was 8.97% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15—Pension Plan: (Continued)

Contributions (Continued)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$99,816 and \$100,137 for the years ended June 30, 2016 and June 30, 2015, respectively.

Net Pension Liability

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

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

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

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

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

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Inflation	2.5%
Salary increases, including inflation	3.5% – 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, 2016 (Continued)

Note 15—Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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	<u>1.00%</u>	-1.50%	<u>-0.02%</u>
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, 2016 (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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 19,385,135	\$ 15,389,000	\$ 3,996,135
Changes for the year:			
Service cost	\$ 473,347	\$ -	\$ 473,347
Interest	1,328,062	-	1,328,062
Differences between expected and actual experience	(69,392)	-	(69,392)
Contributions - employer	-	584,255	(584,255)
Contributions - employee	-	212,328	(212,328)
Net investment income	-	706,070	(706,070)
Benefit payments, including refunds of employee contributions	(825,649)	(825,649)	-
Administrative expenses	-	(9,546)	9,546
Other changes	-	(148)	148
Net changes	<u>\$ 906,368</u>	<u>\$ 667,310</u>	<u>\$ 239,058</u>
Balances at June 30, 2015	<u>\$ 20,291,503</u>	<u>\$ 16,056,310</u>	<u>\$ 4,235,193</u>

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15—Pension Plan: (Continued)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$ 5,271,741	\$ 4,971,183	\$ 300,558
Changes for the year:			
Service cost	\$ 125,267	\$ -	\$ 125,267
Interest	360,097	-	360,097
Differences between expected and actual experience	(256,496)	-	(256,496)
Contributions - employer	-	99,529	(99,529)
Contributions - employee	-	55,202	(55,202)
Net investment income	-	225,262	(225,262)
Benefit payments, including refunds of employee contributions	(254,997)	(254,997)	-
Administrative expenses	-	(3,139)	3,139
Other changes	-	(46)	46
Net changes	<u>\$ (26,129)</u>	<u>\$ 121,811</u>	<u>\$ (147,940)</u>
Balances at June 30, 2015	<u>\$ 5,245,612</u>	<u>\$ 5,092,994</u>	<u>\$ 152,618</u>

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

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

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County Net Pension Liability	\$ 7,017,092	\$ 4,235,193	\$ 1,937,673
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ 751,639	\$ 152,618	\$ (354,788)

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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, 2016, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$342,211 and (\$43,348), respectively. At June 30, 2016, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Primary Government</u>		<u>Component Unit School Board (nonprofessional)</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 51,131	\$ -	\$ 176,591
Net difference between projected and actual earnings on pension plan investments	-	413,330	-	133,465
Employer contributions subsequent to the measurement date	<u>623,099</u>	<u>-</u>	<u>99,816</u>	<u>-</u>
Total	<u>\$ 623,099</u>	<u>\$ 464,461</u>	<u>\$ 99,816</u>	<u>\$ 310,056</u>

\$623,099 and \$99,816 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2017	\$ (180,691)	\$ (132,333)
2018	(180,691)	(132,333)
2019	(177,038)	(69,210)
2020	73,959	23,820
Thereafter	-	-

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15–Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

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

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 adjusted for 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 18.20%, however, it was reduced to 17.64% as a result of the transfer. 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 79.69% of the actuarial rate for the year ended June 30, 2016. Contributions to the pension plan from the School Board were \$1,145,347 and \$1,349,364 for the years ended June 30, 2016 and June 30, 2015, respectively.

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

At June 30, 2016, the school division reported a liability of \$15,810,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2015 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2016, the school division's proportion was .12561% as compared to .13337% at June 30, 2014.

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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, 2016, the school division recognized pension expense of \$692,000. 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.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 218,000
Net difference between projected and actual earnings on pension plan investments	-	968,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,821,000
Employer contributions subsequent to the measurement date	<u>1,145,347</u>	<u>-</u>
Total	<u>\$ 1,145,347</u>	<u>\$ 3,007,000</u>

\$1,145,347 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, 2017. 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>	
2017	\$ (895,000)
2018	(895,000)
2019	(895,000)
2020	(208,000)
2021	(114,000)

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 15—Pension Plan: (Continued)

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, 2014, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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, 2016 (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		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 23,136,000	\$ 15,810,000	\$ 9,779,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF BRUNSWICK, VIRGINIA

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

Note 16—Deferred Compensation Plan:

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:

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 2016 was .53% 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, 2016 (Continued)

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

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

For 2016, the School Board's contribution of \$5,898 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 2016 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, 2016	\$ 5,898	100%	-
June 30, 2015	5,917	100%	-
June 30, 2014	7,150	100%	-

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2015, the most recent actuarial valuation date, is as follows:

Actuarial accrued liability (AAL)	\$ 115,109
Actuarial value of plan assets	\$ 43,311
Unfunded actuarial accrued liability (UAAL)	\$ 71,798
Funded ratio (actuarial value of plan assets/AAL)	37.63%
Covered payroll (active plan members)	\$ 1,099,810
UAAL as a percentage of covered payroll	6.53%

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, 2016 (Continued)

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

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, 2015 was 19 to 28 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 1.06% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2016, 2015, and 2014 were \$100,602, \$99,412, and \$108,258, respectively and equaled the required contributions for each year.

Note 18–Other Postemployment Benefits – Health Insurance:

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, 2016 (Continued)

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

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	\$ 52,100	\$ 77,400
Interest on net OPEB obligation	7,029	12,903
Adjustment to annual required contribution	<u>(7,427)</u>	<u>(13,631)</u>
Annual OPEB cost (expense)	\$ 51,702	\$ 76,672
Contributions made	<u>(11,800)</u>	<u>(35,300)</u>
Increase in net OPEB obligation	\$ 39,902	\$ 41,372
Net OPEB obligation-beginning of year	<u>200,841</u>	<u>368,666</u>
Net OPEB obligation-end of year	<u>\$ 240,743</u>	<u>\$ 410,038</u>

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements
As of June 30, 2016 (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 2016 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>
County:			
June 30, 2016	\$ 51,702	22.82%	\$ 240,743
June 30, 2015	56,821	51.58%	200,841
June 30, 2014	54,190	42.26%	173,320
School Board:			
June 30, 2016	\$ 76,672	46.04%	\$ 410,038
June 30, 2015	116,584	50.86%	368,666
June 30, 2014	112,002	46.96%	311,382

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, 2016 (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
Wanda Beville, 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, 2016 (Continued)

Note 20—Interfund Balances and Transfers:

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

	<u>Due To</u>		<u>Due From</u>		<u>Net</u>
Primary Government:					
General Fund	\$ -	\$	145,142	\$	(145,142)
VPA Fund	128,780		-		128,780
Airport Fund	16,362		-		16,362
	<u>145,142</u>		<u>145,142</u>		<u>-</u>
Total Primary Government	\$ <u>145,142</u>	\$	\$ <u>145,142</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	\$ -	\$	1,482,149	\$	(1,482,149)
VPA Fund	378,248		-		378,248
Debt Service Fund	628,902		-		628,902
Capital Projects Fund	202,523		-		202,523
Airport Fund	26,602		-		26,602
CSA Fund	245,874		-		245,874
	<u>1,482,149</u>		<u>1,482,149</u>		<u>-</u>
Total Governmental Activities	\$ <u>1,482,149</u>	\$	\$ <u>1,482,149</u>	\$	<u>-</u>
Total Primary Government	\$ <u>1,482,149</u>	\$	\$ <u>1,482,149</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, 2016 (Continued)

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

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:

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 \$614,434 reported as landfill postclosure care liability at June 30, 2016 represents the estimated remaining amount of postclosure monitoring costs required, including corrective action costs of \$345,350 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

In August 2016, the County accepted a bid in the amount of \$539,100 for building and site improvements and a bid in the amount of \$159,965 for exhibit fabrication and installation for the Brunswick Byways Visitor Center.

In September 2016, the County was awarded \$956,088 in CDBG funds for the Flat Rock Road Housing Project.

In October 2016, the County made an additional principal payment on debt with the remaining courthouse project funds of \$396,143.

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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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 10,206,000	\$ 10,206,000	\$ 11,672,323	\$ 1,466,323
Other local taxes	750,000	750,000	1,899,602	1,149,602
Permits, privilege fees, and regulatory licenses	70,600	70,600	65,142	(5,458)
Fines and forfeitures	750,000	750,000	889,369	139,369
Revenue from the use of money and property	47,600	47,600	84,990	37,390
Charges for services	812,750	812,750	729,581	(83,169)
Miscellaneous	30,000	1,409,901	148,710	(1,261,191)
Recovered costs	290,345	290,345	296,998	6,653
Intergovernmental:				
Commonwealth	3,870,408	3,891,174	3,938,030	46,856
Federal	56,214	75,249	66,544	(8,705)
Total revenues	\$ 16,883,917	\$ 18,303,619	\$ 19,791,289	\$ 1,487,670
EXPENDITURES				
Current:				
General government administration	\$ 1,443,753	\$ 1,606,141	\$ 1,568,035	\$ 38,106
Judicial administration	1,407,119	1,547,815	1,483,160	64,655
Public safety	6,855,352	7,250,996	7,051,045	199,951
Public works	1,778,159	1,778,235	1,738,257	39,978
Health and welfare	185,198	185,198	195,846	(10,648)
Education	4,728,219	5,220,544	5,220,543	1
Parks, recreation, and cultural	237,058	237,058	231,108	5,950
Community development	613,590	618,590	555,642	62,948
Capital projects	7,500	7,500	7,500	-
Debt service:				
Principal retirement	671,236	671,236	671,236	-
Interest and other fiscal charges	301,328	301,328	301,328	-
Total expenditures	\$ 18,228,512	\$ 19,424,641	\$ 19,023,700	\$ 400,941
Excess (deficiency) of revenues over (under) expenditures	\$ (1,344,595)	\$ (1,121,022)	\$ 767,589	\$ 1,888,611
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,285,384)	\$ (1,508,956)	\$ (1,482,149)	\$ 26,807
Total other financing sources (uses)	\$ (1,285,384)	\$ (1,508,956)	\$ (1,482,149)	\$ 26,807
Net change in fund balances	\$ (2,629,979)	\$ (2,629,978)	\$ (714,560)	\$ 1,915,418
Fund balances - beginning	-	(1,304,901)	12,315,919	13,620,820
Fund balances - ending	\$ (2,629,979)	\$ (3,934,879)	\$ 11,601,359	\$ 15,536,238

Virginia Public Assistance Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 1,643	\$ 1,643
Intergovernmental:				
Commonwealth	536,017	557,125	536,442	(20,683)
Federal	1,043,878	1,043,878	1,059,367	15,489
Total revenues	\$ 1,579,895	\$ 1,601,003	\$ 1,597,452	\$ (3,551)
EXPENDITURES				
Current:				
Health and welfare	\$ 1,951,711	\$ 1,979,251	\$ 1,975,700	\$ 3,551
Total expenditures	\$ 1,951,711	\$ 1,979,251	\$ 1,975,700	\$ 3,551
Excess (deficiency) of revenues over (under) expenditures	\$ (371,816)	\$ (378,248)	\$ (378,248)	\$ -
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 371,816	\$ 378,248	\$ 378,248	\$ -
Total other financing sources (uses)	\$ 371,816	\$ 378,248	\$ 378,248	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 473,347	\$ 467,394
Interest	1,328,062	1,269,942
Differences between expected and actual experience	(69,392)	-
Benefit payments, including refunds of employee contributions	<u>(825,649)</u>	<u>(988,461)</u>
Net change in total pension liability	\$ 906,368	\$ 748,875
Total pension liability - beginning	19,385,135	18,636,260
Total pension liability - ending (a)	<u>\$ 20,291,503</u>	<u>\$ 19,385,135</u>
Plan fiduciary net position		
Contributions - employer	\$ 584,255	\$ 589,542
Contributions - employee	212,328	225,352
Net investment income	706,070	2,117,435
Benefit payments, including refunds of employee contributions	(825,649)	(988,461)
Administrative expense	(9,546)	(11,445)
Other	<u>(148)</u>	<u>111</u>
Net change in plan fiduciary net position	\$ 667,310	\$ 1,932,534
Plan fiduciary net position - beginning	15,389,000	13,456,466
Plan fiduciary net position - ending (b)	<u>\$ 16,056,310</u>	<u>\$ 15,389,000</u>
County's net pension liability - ending (a) - (b)	\$ 4,235,193	\$ 3,996,135
Plan fiduciary net position as a percentage of the total pension liability	79.13%	79.39%
Covered payroll	\$ 4,266,100	\$ 4,238,853
County's net pension liability as a percentage of covered payroll	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 Components of and Changes in Net Pension Liability and Related Ratios
 Component Unit School Board (nonprofessional)
 For the Year Ended June 30, 2016

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 125,267	\$ 126,969
Interest	360,097	345,287
Differences between expected and actual experience	(256,496)	-
Benefit payments, including refunds of employee contributions	(254,997)	(266,377)
Net change in total pension liability	\$ (26,129)	\$ 205,879
Total pension liability - beginning	5,271,741	5,065,862
Total pension liability - ending (a)	\$ 5,245,612	\$ 5,271,741
Plan fiduciary net position		
Contributions - employer	\$ 99,529	\$ 107,370
Contributions - employee	55,202	58,609
Net investment income	225,262	684,923
Benefit payments, including refunds of employee contributions	(254,997)	(266,377)
Administrative expense	(3,139)	(3,744)
Other	(46)	36
Net change in plan fiduciary net position	\$ 121,811	\$ 580,817
Plan fiduciary net position - beginning	4,971,183	4,390,366
Plan fiduciary net position - ending (b)	\$ 5,092,994	\$ 4,971,183
School Division's net pension liability - ending (a) - (b)	\$ 152,618	\$ 300,558
Plan fiduciary net position as a percentage of the total pension liability	97.09%	94.30%
Covered payroll	\$ 1,116,354	\$ 1,172,159
School Division's net pension liability as a percentage of covered payroll	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 Year Ended June 30, 2016

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

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

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

<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>
Primary Government					
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%
2007	307,108	307,108	-	3,998,799	7.68%
Component Unit School Board (nonprofessional)					
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%
2007	108,661	108,661	-	1,227,804	8.85%
Component Unit School Board (professional)					
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%
2007	979,851	979,851	-	10,650,557	9.20%

Notes to Required Supplementary Information - Virginia Retirement System
 For the Year Ended June 30, 2016

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

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 is not material.

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) – LEOS:

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

Component Unit School Board - Professional Employees

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

Schedules of OPEB Funding Progress
For the Year Ended June 30, 2016

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, 2013	\$ 37,451	\$ 113,674	\$ 76,223	32.95%	\$ 1,199,576	6.35%
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%

Other Postemployment Benefits:

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 3,500	\$ 3,500	\$ 43,276	\$ 39,776
Intergovernmental:				
Federal	60,278	60,278	60,603	325
Total revenues	<u>\$ 63,778</u>	<u>\$ 63,778</u>	<u>\$ 103,879</u>	<u>\$ 40,101</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 603,886	\$ 603,886	\$ 468,652	\$ 135,234
Interest and other fiscal charges	281,417	281,417	340,404	(58,987)
Total expenditures	<u>\$ 885,303</u>	<u>\$ 885,303</u>	<u>\$ 809,056</u>	<u>\$ 76,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (821,525)</u>	<u>\$ (821,525)</u>	<u>\$ (705,177)</u>	<u>\$ 116,348</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 628,902	\$ 628,902	\$ 628,902	\$ -
Total other financing sources (uses)	<u>\$ 628,902</u>	<u>\$ 628,902</u>	<u>\$ 628,902</u>	<u>\$ -</u>
Net change in fund balances	\$ (192,623)	\$ (192,623)	\$ (76,275)	\$ 116,348
Fund balances - beginning	192,623	192,623	1,790,940	1,598,317
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,714,665</u>	<u>\$ 1,714,665</u>

Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2016

	County Capital Improvements Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 1,771	\$ 1,771
Miscellaneous	-	-	-	-
Intergovernmental:				
Commonwealth	343,503	343,503	100,466	(243,037)
Federal	457,421	488,688	41,501	(447,187)
Total revenues	<u>\$ 800,924</u>	<u>\$ 832,191</u>	<u>\$ 143,738</u>	<u>\$ (688,453)</u>
EXPENDITURES				
Current:				
Community development	\$ -	\$ 421,514	\$ 421,513	\$ 1
Capital projects	803,447	1,034,714	240,432	794,282
Total expenditures	<u>\$ 803,447</u>	<u>\$ 1,456,228</u>	<u>\$ 661,945</u>	<u>\$ 794,283</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,523)</u>	<u>\$ (624,037)</u>	<u>\$ (518,207)</u>	<u>\$ 105,830</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,523	\$ 202,523	\$ 202,523	\$ -
Issuance of general obligation bonds	-	421,514	-	(421,514)
Total other financing sources (uses)	<u>\$ 2,523</u>	<u>\$ 624,037</u>	<u>\$ 202,523</u>	<u>\$ (421,514)</u>
Net change in fund balances	\$ -	\$ -	\$ (315,684)	\$ (315,684)
Fund balances - beginning	-	-	1,117,351	1,117,351
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 801,667</u>	<u>\$ 801,667</u>

Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2016

	<u>Airport Fund</u>	<u>CSA Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 2,333	\$ 2,333
Receivables (net of allowance for uncollectibles):			
Accounts receivable	\$ 16,362	\$ -	\$ 16,362
Due from other governmental units	-	76,981	76,981
Inventories	5,085	-	5,085
Total assets	<u>\$ 21,447</u>	<u>\$ 79,314</u>	<u>\$ 100,761</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 638	\$ 45,182	\$ 45,820
Due to other funds	16,362	-	16,362
Total liabilities	<u>\$ 17,000</u>	<u>\$ 45,182</u>	<u>\$ 62,182</u>
Fund balances:			
Nonspendable:			
Inventories	\$ 5,085	\$ -	\$ 5,085
Restricted:			
CSA administration	-	34,132	34,132
Unassigned:			
Airport	(638)	-	(638)
Total fund balances	<u>\$ 4,447</u>	<u>\$ 34,132</u>	<u>\$ 38,579</u>
Total liabilities and fund balances	<u>\$ 21,447</u>	<u>\$ 79,314</u>	<u>\$ 100,761</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2016

REVENUES	Airport Fund	CSA Fund	Total
Revenue from the use of money and property	\$ 3,600	\$ -	\$ 3,600
Charges for services	715	-	715
Miscellaneous	-	27	27
Recovered costs	16,362	-	16,362
Intergovernmental:			
Commonwealth	24,952	414,738	439,690
Federal	-	13,500	13,500
Total revenues	<u>\$ 45,629</u>	<u>\$ 428,265</u>	<u>\$ 473,894</u>
EXPENDITURES			
Current:			
Public works	\$ 73,898	\$ -	\$ 73,898
Health and welfare	-	662,712	662,712
Total expenditures	<u>\$ 73,898</u>	<u>\$ 662,712</u>	<u>\$ 736,610</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (28,269)</u>	<u>\$ (234,447)</u>	<u>\$ (262,716)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 26,602	\$ 245,874	\$ 272,476
Total other financing sources (uses)	<u>\$ 26,602</u>	<u>\$ 245,874</u>	<u>\$ 272,476</u>
Net change in fund balances	\$ (1,667)	\$ 11,427	\$ 9,760
Fund balances - beginning	6,114	22,705	28,819
Fund balances - ending	<u>\$ 4,447</u>	<u>\$ 34,132</u>	<u>\$ 38,579</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, 2016

	Airport Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ 3,600	\$ 1,100
Charges for services	10,000	10,000	715	(9,285)
Miscellaneous	-	-	-	-
Recovered costs	12,796	12,796	16,362	3,566
Intergovernmental:				
Commonwealth	13,400	34,397	24,952	(9,445)
Federal	-	-	-	-
Total revenues	<u>\$ 38,696</u>	<u>\$ 59,693</u>	<u>\$ 45,629</u>	<u>\$ (14,064)</u>
EXPENDITURES				
Current:				
Public works	\$ 67,789	\$ 108,931	\$ 73,898	\$ 35,033
Health and welfare	-	-	-	-
Total expenditures	<u>\$ 67,789</u>	<u>\$ 108,931</u>	<u>\$ 73,898</u>	<u>\$ 35,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,093)</u>	<u>\$ (49,238)</u>	<u>\$ (28,269)</u>	<u>\$ 20,969</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 29,093	\$ 49,238	\$ 26,602	\$ (22,636)
Total other financing sources (uses)	<u>\$ 29,093</u>	<u>\$ 49,238</u>	<u>\$ 26,602</u>	<u>\$ (22,636)</u>
Net change in fund balances	\$ -	\$ -	\$ (1,667)	\$ (1,667)
Fund balances - beginning	-	-	6,114	6,114
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,447</u>	<u>\$ 4,447</u>

Exhibit 20

CSA Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
300	300	27	(273)
-	-	-	-
621,150	621,150	414,738	(206,412)
13,500	13,500	13,500	-
<u>\$ 634,950</u>	<u>\$ 634,950</u>	<u>\$ 428,265</u>	<u>\$ (206,685)</u>
\$ -	\$ -	\$ -	\$ -
888,000	884,995	662,712	222,283
<u>\$ 888,000</u>	<u>\$ 884,995</u>	<u>\$ 662,712</u>	<u>\$ 222,283</u>
\$ (253,050)	\$ (250,045)	\$ (234,447)	\$ 15,598
\$ 253,050	\$ 250,045	\$ 245,874	\$ (4,171)
<u>\$ 253,050</u>	<u>\$ 250,045</u>	<u>\$ 245,874</u>	<u>\$ (4,171)</u>
\$ -	\$ -	\$ 11,427	\$ 11,427
-	-	22,705	22,705
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,132</u>	<u>\$ 34,132</u>

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

	<u>Agency Funds</u>			
	<u>Special Welfare Fund</u>	<u>Sheriff Funds</u>	<u>Bond Escrow Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 440	\$ 7,640	\$ 22,755	\$ 30,835
Other receivables	3,550	-	-	3,550
Total assets	<u>\$ 3,990</u>	<u>\$ 7,640</u>	<u>\$ 22,755</u>	<u>\$ 34,385</u>
LIABILITIES				
Amounts held for social services clients	\$ 3,990	\$ -	\$ -	\$ 3,990
Amounts held for others	-	7,640	-	7,640
Escrow deposits payable	-	-	22,755	22,755
Total liabilities	<u>\$ 3,990</u>	<u>\$ 7,640</u>	<u>\$ 22,755</u>	<u>\$ 34,385</u>

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

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
SPECIAL WELFARE FUND:				
Assets				
Cash and cash equivalents	\$ 774	\$ 5,775	\$ 6,109	\$ 440
Other receivables	-	3,550	-	3,550
Total assets	<u>\$ 774</u>	<u>\$ 9,325</u>	<u>\$ 6,109</u>	<u>\$ 3,990</u>
Liabilities				
Amounts held for social services clients	<u>\$ 774</u>	<u>\$ 9,325</u>	<u>\$ 6,109</u>	<u>\$ 3,990</u>
SHERIFF FUNDS:				
Assets				
Cash and cash equivalents	<u>\$ 3,263</u>	<u>\$ 63,749</u>	<u>\$ 59,372</u>	<u>\$ 7,640</u>
Liabilities				
Amounts held for others	<u>\$ 3,263</u>	<u>\$ 63,749</u>	<u>\$ 59,372</u>	<u>\$ 7,640</u>
BOND ESCROW FUND:				
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>
UNDISTRIBUTED LOCAL SALES TAX FUND:				
Assets				
Due from other governmental units	<u>\$ -</u>	<u>\$ 1,227,031</u>	<u>\$ 1,227,031</u>	<u>\$ -</u>
Liabilities				
Due to other funds	<u>\$ -</u>	<u>\$ 1,227,031</u>	<u>\$ 1,227,031</u>	<u>\$ -</u>
TOTALS - ALL AGENCY FUNDS:				
Assets				
Cash and cash equivalents	\$ 26,792	\$ 69,524	\$ 65,481	\$ 30,835
Other receivables	-	3,550	-	3,550
Due from other governmental units	-	1,227,031	1,227,031	-
Total assets	<u>\$ 26,792</u>	<u>\$ 1,300,105</u>	<u>\$ 1,292,512</u>	<u>\$ 34,385</u>
Liabilities				
Due to other funds	\$ -	\$ 1,227,031	\$ 1,227,031	\$ -
Amounts held for social services clients	774	9,325	6,109	3,990
Amounts held for others	3,263	63,749	59,372	7,640
Escrow deposits payable	22,755	-	-	22,755
Total liabilities	<u>\$ 26,792</u>	<u>\$ 1,300,105</u>	<u>\$ 1,292,512</u>	<u>\$ 34,385</u>

Combining Balance Sheet
 Discretely Presented Component Unit - School Board
 June 30, 2016

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 602,371	\$ 342,451	\$ 944,822
Receivables (net of allowance for uncollectibles):			
Accounts receivable	29,860	14,836	44,696
Due from other governmental units	<u>1,319,154</u>	<u>184,023</u>	<u>1,503,177</u>
Total assets	<u>\$ 1,951,385</u>	<u>\$ 541,310</u>	<u>\$ 2,492,695</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 141,277	\$ 1,110	\$ 142,387
Accrued liabilities	<u>1,809,608</u>	<u>59,602</u>	<u>1,869,210</u>
Total liabilities	<u>\$ 1,950,885</u>	<u>\$ 60,712</u>	<u>\$ 2,011,597</u>
Fund balances:			
Committed:			
Cafeteria operations	\$ -	\$ 480,598	\$ 480,598
Unassigned:			
School operations	<u>500</u>	<u>-</u>	<u>500</u>
Total fund balances	<u>\$ 500</u>	<u>\$ 480,598</u>	<u>\$ 481,098</u>
Total liabilities and fund balances	<u>\$ 1,951,385</u>	<u>\$ 541,310</u>	<u>\$ 2,492,695</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 481,098
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 25,822	
Buildings and improvements		6,511,584	
Machinery, equipment, and vehicles		<u>906,659</u>	7,444,065
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.			1,245,163
Items related to measurement of the net pension liability are considered deferred inflows and will be amortized and recognized in pension expense over future years.			(3,317,056)
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		\$ (573,202)	
Net pension liability		(15,962,618)	
Net OPEB obligation		<u>(410,038)</u>	<u>(16,945,858)</u>
Net position of governmental activities			<u>\$ (11,092,588)</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, 2016

REVENUES	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
Revenue from the use of money and property	\$ 1,036	\$ -	\$ 1,036
Charges for services	-	178,524	178,524
Miscellaneous	676,472	368	676,840
Intergovernmental:			
Local government	5,158,392	-	5,158,392
Commonwealth	12,925,745	15,290	12,941,035
Federal	2,168,648	1,192,939	3,361,587
Total revenues	<u>\$ 20,930,293</u>	<u>\$ 1,387,121</u>	<u>\$ 22,317,414</u>
EXPENDITURES			
Current:			
Education	\$ 19,738,925	\$ 1,165,230	\$ 20,904,155
Capital projects	1,191,368	-	1,191,368
Total expenditures	<u>\$ 20,930,293</u>	<u>\$ 1,165,230</u>	<u>\$ 22,095,523</u>
Net change in fund balances	\$ -	\$ 221,891	\$ 221,891
Fund balances - beginning	500	258,707	259,207
Fund balances - ending	<u>\$ 500</u>	<u>\$ 480,598</u>	<u>\$ 481,098</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 \$ 221,891

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	\$ 480,201	
Depreciation	(442,604)	
Adjustment for jointly owned assets	440,652	
Depreciation adjustment for jointly owned assets	<u>(196,312)</u>	281,937

The change in deferred inflows related to the measurement of the net pension liability is not reported in governmental funds. 344,937

Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in governmental funds. 242,000

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	\$ 1,635	
Net pension liability	454,940	
Deferred outflows - pension contributions subsequent to measurement date	(204,338)	
Net OPEB obligation	<u>(41,372)</u>	210,865

Change in net position of governmental activities \$ 1,301,630

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, 2016

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 1,036	\$ 36
Charges for services	-	-	-	-
Miscellaneous	305,000	519,366	676,472	157,106
Intergovernmental:				
Local government	4,666,068	5,158,393	5,158,392	(1)
Commonwealth	13,256,248	13,549,401	12,925,745	(623,656)
Federal	1,755,335	2,277,061	2,168,648	(108,413)
Total revenues	<u>\$ 19,983,651</u>	<u>\$ 21,505,221</u>	<u>\$ 20,930,293</u>	<u>\$ (574,928)</u>
EXPENDITURES				
Current:				
Education	\$ 19,135,915	\$ 20,113,644	\$ 19,738,925	\$ 374,719
Capital projects	847,736	1,391,577	1,191,368	200,209
Total expenditures	<u>\$ 19,983,651</u>	<u>\$ 21,505,221</u>	<u>\$ 20,930,293</u>	<u>\$ 574,928</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	500	500
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>

Exhibit 25

School Cafeteria Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
384,200	384,200	178,524	(205,676)
-	-	368	368
-	-	-	-
13,440	13,440	15,290	1,850
820,000	820,000	1,192,939	372,939
<u>\$ 1,217,640</u>	<u>\$ 1,217,640</u>	<u>\$ 1,387,121</u>	<u>\$ 169,481</u>
\$ 1,217,640	\$ 1,217,640	\$ 1,165,230	\$ 52,410
-	-	-	-
<u>\$ 1,217,640</u>	<u>\$ 1,217,640</u>	<u>\$ 1,165,230</u>	<u>\$ 52,410</u>
\$ -	\$ -	\$ 221,891	\$ 221,891
-	-	258,707	258,707
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 480,598</u>	<u>\$ 480,598</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, 2016

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,920,000	5,920,000	\$ 6,017,042	\$ 97,042
Real and personal public service corporation taxes	1,350,000	1,350,000	2,304,922	954,922
Personal property taxes	2,119,000	2,119,000	2,448,473	329,473
Mobile home taxes	37,000	37,000	39,919	2,919
Machinery and tools taxes	480,000	480,000	586,901	106,901
Merchants capital taxes	165,000	165,000	86,103	(78,897)
Penalties	90,000	90,000	121,630	31,630
Interest	45,000	45,000	67,333	22,333
Total general property taxes	<u>\$ 10,206,000</u>	<u>\$ 10,206,000</u>	<u>\$ 11,672,323</u>	<u>\$ 1,466,323</u>
Other local taxes:				
Local sales and use taxes	\$ -	\$ -	\$ 1,165,176	\$ 1,165,176
Consumers' utility taxes	255,000	255,000	255,246	246
Bank stock taxes	15,000	15,000	16,007	1,007
Franchise license taxes	30,000	30,000	23,393	(6,607)
Motor vehicle licenses	335,000	335,000	322,059	(12,941)
Taxes on recordation and wills	55,000	55,000	56,955	1,955
Utility consumption taxes	45,000	45,000	44,140	(860)
Hotel and motel room taxes	15,000	15,000	16,626	1,626
Total other local taxes	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 1,899,602</u>	<u>\$ 1,149,602</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 24,000	\$ 24,000	\$ 20,832	\$ (3,168)
Zoning application fees	6,000	6,000	7,250	1,250
Transfer fees	600	600	647	47
Permits and other licenses	40,000	40,000	36,413	(3,587)
Total permits, privilege fees, and regulatory licenses	<u>\$ 70,600</u>	<u>\$ 70,600</u>	<u>\$ 65,142</u>	<u>\$ (5,458)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 750,000	\$ 750,000	\$ 882,209	\$ 132,209
Interest on court fines and forfeitures	-	-	7,160	7,160
Total fines and forfeitures	<u>750,000</u>	<u>750,000</u>	<u>889,369</u>	<u>139,369</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 25,000	\$ 25,000	\$ 62,390	\$ 37,390
Revenue from use of property	22,600	22,600	22,600	-
Total revenue from use of money and property	<u>\$ 47,600</u>	<u>\$ 47,600</u>	<u>\$ 84,990</u>	<u>\$ 37,390</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	35,758	6,758
Charges for court costs	180,000	180,000	269,925	89,925
Law library fees	2,000	2,000	1,418	(582)
Charges for Commonwealth's Attorney	2,500	2,500	3,457	957

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	\$ 6,000	\$ 6,000	\$ 6,450	\$ 450
Animal shelter fees	250	250	225	(25)
Charges for sanitation and waste removal	130,000	130,000	112,993	(17,007)
Charges for landfill host fees	200,000	200,000	212,831	12,831
Charges for planning and community development	2,000	2,000	1,335	(665)
Charges for emergency transport	260,000	260,000	84,199	(175,801)
Total charges for services	<u>\$ 812,750</u>	<u>\$ 812,750</u>	<u>\$ 729,581</u>	<u>\$ (83,169)</u>
Miscellaneous:				
Miscellaneous	\$ 30,000	\$ 1,409,901	\$ 148,710	\$ (1,261,191)
Total miscellaneous	<u>\$ 30,000</u>	<u>\$ 1,409,901</u>	<u>\$ 148,710</u>	<u>\$ (1,261,191)</u>
Recovered costs:				
Landfill inspection fees	\$ 140,000	\$ 140,000	\$ 144,522	\$ 4,522
Tax bills - Lawrenceville	2,000	2,000	1,853	(147)
School resource officer	96,345	96,345	96,345	-
Clerk of Circuit Court copy cost reimbursement	2,000	2,000	2,914	914
Sheriff contracted security	50,000	50,000	50,334	334
Contractual Services	-	-	1,030	1,030
Total recovered costs	<u>\$ 290,345</u>	<u>\$ 290,345</u>	<u>\$ 296,998</u>	<u>\$ 6,653</u>
Total revenue from local sources	<u>\$ 12,957,295</u>	<u>\$ 14,337,196</u>	<u>\$ 15,786,715</u>	<u>\$ 1,449,519</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Grantor's tax	\$ 20,000	\$ 20,000	\$ 15,533	\$ (4,467)
Mobile home titling tax	30,000	30,000	27,044	(2,956)
Rolling stock tax	5,000	5,000	4,367	(633)
Motor vehicle rental tax	-	-	25	25
State recordation tax	25,000	25,000	18,053	(6,947)
Personal property tax relief funds	1,355,735	1,355,735	1,355,736	1
Communication taxes	425,000	425,000	405,134	(19,866)
Total noncategorical aid	<u>\$ 1,860,735</u>	<u>\$ 1,860,735</u>	<u>\$ 1,825,892</u>	<u>\$ (34,843)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 338,700	\$ 338,700	\$ 341,606	\$ 2,906
Sheriff	973,000	973,000	984,573	11,573
Commissioner of revenue	92,000	92,000	92,969	969
Treasurer	82,000	82,000	78,968	(3,032)
Registrar/electoral board	34,500	34,500	48,175	13,675
Clerk of the Circuit Court	205,000	210,800	218,699	7,899
Total shared expenses	<u>\$ 1,725,200</u>	<u>\$ 1,731,000</u>	<u>\$ 1,764,990</u>	<u>\$ 33,990</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Emergency medical services - four for life	\$ 15,000	\$ 15,000	\$ 15,845	\$ 845
Fire program funds	44,000	44,000	48,809	4,809
Litter control grant	7,398	7,474	7,474	-
Victim witness grant	56,700	65,590	66,642	1,052
PSAP - Phase II - Wireless	100,000	100,000	125,755	25,755
GIS Planning Grant	-	6,000	6,000	-
DMV license agent commission	19,500	19,500	24,107	4,607
Drug forfeiture funds	35,000	35,000	45,685	10,685
Arts Grant	5,000	5,000	5,000	-
Pesticide grant	1,875	1,875	1,831	(44)
Total other categorical aid	<u>\$ 284,473</u>	<u>\$ 299,439</u>	<u>\$ 347,148</u>	<u>\$ 47,709</u>
Total categorical aid	<u>\$ 2,009,673</u>	<u>\$ 2,030,439</u>	<u>\$ 2,112,138</u>	<u>\$ 81,699</u>
Total revenue from the Commonwealth	<u>\$ 3,870,408</u>	<u>\$ 3,891,174</u>	<u>\$ 3,938,030</u>	<u>\$ 46,856</u>
Categorical aid:				
State board of elections reimbursement	\$ -	\$ -	\$ 3,500	\$ 3,500
Byrne one-time equipment grant	-	9,266	-	(9,266)
Drug forfeiture funds	15,000	15,000	-	(15,000)
Cost allocation plan	40,000	40,000	51,000	11,000
FEMA grant	-	-	3,454	3,454
Other grants	-	9,769	8,590	(1,179)
JAG Byrne grant	1,214	1,214	-	(1,214)
Total categorical aid	<u>\$ 56,214</u>	<u>\$ 75,249</u>	<u>\$ 66,544</u>	<u>\$ (8,705)</u>
Total revenue from the federal government	<u>\$ 56,214</u>	<u>\$ 75,249</u>	<u>\$ 66,544</u>	<u>\$ (8,705)</u>
Total General Fund	<u><u>\$ 16,883,917</u></u>	<u><u>\$ 18,303,619</u></u>	<u><u>\$ 19,791,289</u></u>	<u><u>\$ 1,487,670</u></u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	\$ -	\$ -	\$ 1,643	\$ 1,643
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,643</u>	<u>\$ 1,643</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 536,017	\$ 557,125	\$ 536,442	\$ (20,683)
Total revenue from the Commonwealth	<u>\$ 536,017</u>	<u>\$ 557,125</u>	<u>\$ 536,442</u>	<u>\$ (20,683)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Virginia Public Assistance Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,043,878	\$ 1,043,878	\$ 1,059,367	\$ 15,489
Total revenue from the federal government	<u>\$ 1,043,878</u>	<u>\$ 1,043,878</u>	<u>\$ 1,059,367</u>	<u>\$ 15,489</u>
Total Virginia Public Assistance Fund	<u>\$ 1,579,895</u>	<u>\$ 1,601,003</u>	<u>\$ 1,597,452</u>	<u>\$ (3,551)</u>
Airport Commission Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,500	\$ 2,500	\$ 3,600	\$ 1,100
Charges for services:				
Sale of fuel	\$ 10,000	\$ 10,000	\$ 715	\$ (9,285)
Recovered costs:				
Recovered costs - Lawrenceville	\$ 12,796	\$ 12,796	\$ 16,362	\$ 3,566
Total revenue from local sources	<u>\$ 25,296</u>	<u>\$ 25,296</u>	<u>\$ 20,677</u>	<u>\$ (4,619)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of aviation grant	\$ 13,400	\$ 34,397	\$ 24,952	\$ (9,445)
Total Airport Commission Fund	<u>\$ 38,696</u>	<u>\$ 59,693</u>	<u>\$ 45,629</u>	<u>\$ (14,064)</u>
CSA Fund:				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	\$ 300	\$ 300	\$ 27	\$ (273)
Total miscellaneous	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 27</u>	<u>\$ (273)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act	\$ 619,440	\$ 619,440	\$ 413,028	\$ (206,412)
PSSF grant	1,710	1,710	1,710	-
Total categorical aid	<u>\$ 621,150</u>	<u>\$ 621,150</u>	<u>\$ 414,738</u>	<u>\$ (206,412)</u>
Total revenue from the Commonwealth	<u>\$ 621,150</u>	<u>\$ 621,150</u>	<u>\$ 414,738</u>	<u>\$ (206,412)</u>
Revenue from the federal government:				
Categorical aid:				
PSSF grant	\$ 13,500	\$ 13,500	\$ 13,500	-
Total CSA Fund	<u>\$ 634,950</u>	<u>\$ 634,950</u>	<u>\$ 428,265</u>	<u>\$ (206,685)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 3,500	\$ 3,500	\$ 43,276	\$ 39,776
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Federal interest subsidy	\$ 60,278	\$ 60,278	\$ 60,603	\$ 325
Total Debt Service Fund	<u>\$ 63,778</u>	<u>\$ 63,778</u>	<u>\$ 103,879</u>	<u>\$ 40,101</u>
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,771	\$ 1,771
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,771</u>	<u>\$ 1,771</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco grant	\$ 343,503	\$ 343,503	\$ 7,276	\$ (336,227)
Virginia Info Technologies Agency Grant	-	-	93,190	93,190
Total categorical aid	<u>\$ 343,503</u>	<u>\$ 343,503</u>	<u>\$ 100,466</u>	<u>\$ (243,037)</u>
Total revenue from the Commonwealth	<u>\$ 343,503</u>	<u>\$ 343,503</u>	<u>\$ 100,466</u>	<u>\$ (243,037)</u>
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant	\$ -	\$ 31,267	\$ 31,267	\$ -
DCJS - network systems grant	-	-	9,266	9,266
DCJS - local law enforcement grant	-	-	968	968
VDOT grant	457,421	457,421	-	(457,421)
Total categorical aid	<u>\$ 457,421</u>	<u>\$ 488,688</u>	<u>\$ 41,501</u>	<u>\$ (447,187)</u>
Total revenue from the federal government	<u>\$ 457,421</u>	<u>\$ 488,688</u>	<u>\$ 41,501</u>	<u>\$ (447,187)</u>
Total County Capital Improvements Fund	<u>\$ 800,924</u>	<u>\$ 832,191</u>	<u>\$ 143,738</u>	<u>\$ (688,453)</u>
Total Primary Government	<u>\$ 20,002,160</u>	<u>\$ 21,495,234</u>	<u>\$ 22,110,252</u>	<u>\$ 615,018</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 1,000	\$ 1,000	\$ 1,036	\$ 36
Miscellaneous:				
E-Rate	\$ 200,000	\$ 403,211	\$ 473,416	\$ 70,205
Other miscellaneous	105,000	116,155	203,056	86,901
Total miscellaneous	<u>\$ 305,000</u>	<u>\$ 519,366</u>	<u>\$ 676,472</u>	<u>\$ 157,106</u>
Total revenue from local sources	<u>\$ 306,000</u>	<u>\$ 520,366</u>	<u>\$ 677,508</u>	<u>\$ 157,142</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Brunswick, Virginia	\$ 4,666,068	\$ 5,158,393	\$ 5,158,392	\$ (1)
Total revenues from local governments	<u>\$ 4,666,068</u>	<u>\$ 5,158,393</u>	<u>\$ 5,158,392</u>	<u>\$ (1)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,332,166	\$ 2,332,166	\$ 2,356,641	\$ 24,475
Basic school aid	5,662,276	5,662,276	5,309,940	(352,336)
Remedial summer education	87,756	87,756	75,219	(12,537)
Regular foster care	18,051	18,051	2,874	(15,177)
Special education foster care	-	-	17,060	17,060
Adult secondary education	37,859	37,859	53,856	15,997
Gifted and talented	56,709	56,709	55,024	(1,685)
Remedial education	375,246	375,246	364,098	(11,148)
Compensation supplement	-	-	105,004	105,004
Special education	1,079,587	1,079,587	1,012,684	(66,903)
Textbook payment	42,978	42,978	67,165	24,187
Vocational standards of quality payments	259,415	259,415	251,708	(7,707)
Vocational education - equipment	-	-	4,968	4,968
Vocational occupational preparedness	30,023	30,023	24,163	(5,860)
Social security fringe benefits	392,139	392,139	380,488	(11,651)
Retirement fringe benefits	780,657	780,657	752,782	(27,875)
Group life fringe benefits	24,132	24,132	23,415	(717)
State lottery payments	73,119	73,119	45,483	(27,636)
Early reading intervention	55,606	55,606	55,606	-
Homebound education	11,624	11,624	6,474	(5,150)
At risk payments	525,923	525,923	510,347	(15,576)
At risk payments - 4 year olds	214,659	214,659	197,823	(16,836)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
State disparity initiatives	\$ 491,656	\$ 491,656	\$ 488,050	\$ (3,606)
Alternative education	399,961	399,961	408,578	8,617
Technology	206,000	436,030	221,285	(214,745)
Standards of Learning algebra readiness	38,818	38,818	36,482	(2,336)
Mentor teacher program	2,033	2,033	2,101	68
English as a second language	40,966	40,966	26,131	(14,835)
Industry Certification	-	-	2,174	2,174
Middle School teacher corps	-	-	5,000	5,000
VA Workplace Readiness	-	622	622	(0)
Other state funds	16,889	79,389	62,500	(16,889)
Total categorical aid	<u>\$ 13,256,248</u>	<u>\$ 13,549,401</u>	<u>\$ 12,925,745</u>	<u>\$ (623,656)</u>
Total revenue from the Commonwealth	<u>\$ 13,256,248</u>	<u>\$ 13,549,401</u>	<u>\$ 12,925,745</u>	<u>\$ (623,656)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 639,159	\$ 760,220	\$ 771,522	\$ 11,302
Title VI-B, special education flow-through	492,116	510,758	487,896	(22,862)
Vocational education	55,000	55,000	41,345	(13,655)
Title VI-B, special education pre-school	10,996	10,996	10,641	(355)
Rural and low income schools	38,627	46,256	28,722	(17,534)
Title IV - 21st century learning grant	-	187,197	242,494	55,297
Title II, Part A	141,237	141,237	138,977	(2,260)
JROTC	51,000	51,000	67,358	16,358
Pre-K Development	327,200	514,397	379,693	(134,704)
Total categorical aid	<u>\$ 1,755,335</u>	<u>\$ 2,277,061</u>	<u>\$ 2,168,648</u>	<u>\$ (108,413)</u>
Total revenue from the federal government	<u>\$ 1,755,335</u>	<u>\$ 2,277,061</u>	<u>\$ 2,168,648</u>	<u>\$ (108,413)</u>
Total School Operating Fund	<u>\$ 19,983,651</u>	<u>\$ 21,505,221</u>	<u>\$ 20,930,293</u>	<u>\$ (574,928)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2016 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 384,200	\$ 384,200	\$ 178,524	\$ (205,676)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 368	\$ 368
Total revenue from local sources	<u>\$ 384,200</u>	<u>\$ 384,200</u>	<u>\$ 178,892</u>	<u>\$ (205,308)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,440	\$ 13,440	\$ 15,290	\$ 1,850
Total categorical aid	<u>\$ 13,440</u>	<u>\$ 13,440</u>	<u>\$ 15,290</u>	<u>\$ 1,850</u>
Total revenue from the Commonwealth	<u>\$ 13,440</u>	<u>\$ 13,440</u>	<u>\$ 15,290</u>	<u>\$ 1,850</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 820,000	\$ 820,000	\$ 1,049,800	\$ 229,800
Fresh fruit and vegetables grant	-	-	54,070	54,070
Summer feeding program	-	-	27,019	27,019
Commodities	-	-	62,050	62,050
Total categorical aid	<u>\$ 820,000</u>	<u>\$ 820,000</u>	<u>\$ 1,192,939</u>	<u>\$ 372,939</u>
Total revenue from the federal government	<u>820,000</u>	<u>820,000</u>	<u>1,192,939</u>	<u>372,939</u>
Total School Cafeteria Fund	<u>\$ 1,217,640</u>	<u>\$ 1,217,640</u>	<u>\$ 1,387,121</u>	<u>\$ 169,481</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,201,291</u>	<u>\$ 22,722,861</u>	<u>\$ 22,317,414</u>	<u>\$ (405,447)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 170,267	\$ 174,863	\$ 174,863	\$ -
General and financial administration:				
County administrator	\$ 308,926	\$ 302,671	\$ 302,671	\$ -
Independent auditor	29,500	40,000	40,000	-
Commissioner of revenue	235,707	235,707	232,429	3,278
Treasurer	258,730	253,412	248,787	4,625
Finance department	261,367	258,844	252,938	5,906
Information Technology	37,575	37,575	15,179	22,396
DMV select	19,500	25,959	25,059	900
Total general and financial administration	<u>\$ 1,151,305</u>	<u>\$ 1,154,168</u>	<u>\$ 1,117,063</u>	<u>\$ 37,105</u>
Board of elections:				
Electoral board and officials	\$ 34,578	\$ 189,641	\$ 189,641	\$ -
Registrar	87,603	87,470	86,468	1,002
Total board of elections	<u>\$ 122,181</u>	<u>\$ 277,111</u>	<u>\$ 276,109</u>	<u>\$ 1,002</u>
Total general government administration	<u>\$ 1,443,753</u>	<u>\$ 1,606,141</u>	<u>\$ 1,568,035</u>	<u>\$ 38,106</u>
Judicial administration:				
Courts:				
Circuit court	\$ 33,534	\$ 34,177	\$ 34,147	\$ 30
General district court	33,955	33,955	33,364	591
Special magistrates	1,650	1,650	411	1,239
Clerk of the circuit court	313,227	318,384	308,566	9,818
Law library	2,000	2,000	1,120	880
Victim/witness assistance program	74,827	83,717	80,329	3,388
Courthouse security	439,962	560,100	511,976	48,124
Total courts	<u>\$ 899,155</u>	<u>\$ 1,033,983</u>	<u>\$ 969,913</u>	<u>\$ 64,070</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 492,964	\$ 495,964	\$ 495,379	\$ 585
Asset forfeiture	15,000	17,868	17,868	-
Total commonwealth's attorney	<u>\$ 507,964</u>	<u>\$ 513,832</u>	<u>\$ 513,247</u>	<u>\$ 585</u>
Total judicial administration	<u>\$ 1,407,119</u>	<u>\$ 1,547,815</u>	<u>\$ 1,483,160</u>	<u>\$ 64,655</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,115,291	\$ 2,259,326	\$ 2,256,231	\$ 3,095
Sheriff - line of duty	24,144	24,144	24,144	-
Asset forfeiture	35,000	22,132	12,000	10,132
E911 system	620,464	620,464	618,617	1,847
School resource officer	101,503	101,503	101,052	451
Total law enforcement and traffic control	<u>\$ 2,896,402</u>	<u>\$ 3,027,569</u>	<u>\$ 3,012,044</u>	<u>\$ 15,525</u>
Fire and rescue services:				
Fire and rescue	\$ 509,757	\$ 546,092	\$ 536,546	\$ 9,546
Medflight program	770	770	770	-
Division of forestry	22,603	22,603	22,603	-
Total fire and rescue services	<u>\$ 533,130</u>	<u>\$ 569,465</u>	<u>\$ 559,919</u>	<u>\$ 9,546</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Meherrin River Regional Jail Authority	\$ 2,579,220	\$ 2,579,220	\$ 2,579,219	\$ 1
VJCCCA	635	635	635	-
Probation office	51,410	210,925	210,925	-
Total correction and detention	<u>\$ 2,631,265</u>	<u>\$ 2,790,780</u>	<u>\$ 2,790,779</u>	<u>\$ 1</u>
Inspections:				
Building	\$ 124,884	\$ 124,884	\$ 114,143	\$ 10,741
Total inspections	<u>\$ 124,884</u>	<u>\$ 124,884</u>	<u>\$ 114,143</u>	<u>\$ 10,741</u>
Other protection:				
Animal control	\$ 134,135	\$ 134,135	\$ 125,523	\$ 8,612
Medical examiner	270	270	120	150
Fire and rescue services	526,765	595,392	439,877	155,515
Emergency services	8,501	8,501	8,640	(139)
Total other protection	<u>\$ 669,671</u>	<u>\$ 738,298</u>	<u>\$ 574,160</u>	<u>\$ 164,138</u>
Total public safety	<u>\$ 6,855,352</u>	<u>\$ 7,250,996</u>	<u>\$ 7,051,045</u>	<u>\$ 199,951</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	\$ 1,081,701	\$ 1,084,391	\$ 1,084,391	\$ -
Litter control	7,398	7,474	7,474	-
Inmate litter control	37,124	37,124	35,553	1,571
Lake Gaston weed control	90,000	90,000	90,000	-
Total sanitation and waste removal	<u>\$ 1,216,223</u>	<u>\$ 1,218,989</u>	<u>\$ 1,217,418</u>	<u>\$ 1,571</u>
Maintenance of general buildings and grounds:				
General properties	\$ 338,201	\$ 338,201	\$ 311,832	\$ 26,369
Courthouse maintenance	29,000	29,000	26,987	2,013
General engineering/administration	169,735	167,045	157,020	10,025
Total maintenance of general buildings and grounds	<u>\$ 536,936</u>	<u>\$ 534,246</u>	<u>\$ 495,839</u>	<u>\$ 38,407</u>
Total public works	<u>\$ 1,778,159</u>	<u>\$ 1,778,235</u>	<u>\$ 1,738,257</u>	<u>\$ 39,978</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	\$ 73,872	\$ 73,872	\$ -
Welfare:				
Local area on aging	\$ 2,500	\$ 2,500	\$ -	\$ 2,500
Veteran's exemption on real estate	-	-	13,148	(13,148)
Southside senior citizens center	3,848	3,848	3,848	-
Total welfare	<u>\$ 6,348</u>	<u>\$ 6,348</u>	<u>\$ 16,996</u>	<u>\$ (10,648)</u>
Total health and welfare	<u>\$ 185,198</u>	<u>\$ 185,198</u>	<u>\$ 195,846</u>	<u>\$ (10,648)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Education:				
Other instructional costs:				
Contributions to Southside Virginia Community College	\$ 3,676	\$ 3,676	\$ 3,676	\$ -
Contribution to County School Board	4,666,068	5,158,393	5,158,392	1
Head Start program	58,475	58,475	58,475	-
Total education	<u>\$ 4,728,219</u>	<u>\$ 5,220,544</u>	<u>\$ 5,220,543</u>	<u>\$ 1</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	\$ 12,505	\$ 12,505	\$ 12,505	\$ -
Water safety council	3,500	3,500	3,450	50
Total parks and recreation	<u>\$ 16,005</u>	<u>\$ 16,005</u>	<u>\$ 15,955</u>	<u>\$ 50</u>
Cultural enrichment:				
Historical society	\$ 900	\$ 900	\$ -	\$ 900
Chamber of commerce	3,159	3,159	3,159	-
Tourism association	19,102	19,102	19,102	-
Taste of Brunswick festival	5,000	5,000	5,000	-
For Christanna Preservation	5,000	5,000	-	5,000
Total cultural enrichment	<u>\$ 33,161</u>	<u>\$ 33,161</u>	<u>\$ 27,261</u>	<u>\$ 5,900</u>
Library:				
Contribution to regional library	\$ 187,892	\$ 187,892	\$ 187,892	\$ -
Total parks, recreation, and cultural	<u>\$ 237,058</u>	<u>\$ 237,058</u>	<u>\$ 231,108</u>	<u>\$ 5,950</u>
Community development:				
Planning and community development:				
Planning	\$ 248,663	\$ 253,663	\$ 194,449	\$ 59,214
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>\$ 531,829</u>	<u>\$ 536,829</u>	<u>\$ 474,114</u>	<u>\$ 62,715</u>
Environmental management:				
Contribution to soil and water district	\$ 11,543	\$ 11,543	\$ 11,543	\$ -
Cooperative extension program:				
Extension office	\$ 70,218	\$ 70,218	\$ 69,985	\$ 233
Total community development	<u>\$ 613,590</u>	<u>\$ 618,590</u>	<u>\$ 555,642</u>	<u>\$ 62,948</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, 2016 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	\$ 671,236	\$ 671,236	\$ 671,236	\$ -
Interest and other fiscal charges	301,328	301,328	301,328	-
Total debt service	<u>\$ 972,564</u>	<u>\$ 972,564</u>	<u>\$ 972,564</u>	<u>\$ -</u>
 Total General Fund	 <u>\$ 18,228,512</u>	 <u>\$ 19,424,641</u>	 <u>\$ 19,023,700</u>	 <u>\$ 400,941</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 1,608,167	\$ 1,635,707	\$ 1,642,401	\$ (6,694)
Public assistance	343,544	343,544	333,299	10,245
Total welfare and social services	<u>\$ 1,951,711</u>	<u>\$ 1,979,251</u>	<u>\$ 1,975,700</u>	<u>\$ 3,551</u>
 Total Virginia Public Assistance Fund	 <u>\$ 1,951,711</u>	 <u>\$ 1,979,251</u>	 <u>\$ 1,975,700</u>	 <u>\$ 3,551</u>
Airport Commission Fund:				
Public works:				
Maintenance of general buildings and grounds	\$ 67,789	\$ 108,931	\$ 73,898	\$ 35,033
 Total Airport Commission Fund	 <u>\$ 67,789</u>	 <u>\$ 108,931</u>	 <u>\$ 73,898</u>	 <u>\$ 35,033</u>
CSA Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 888,000	\$ 884,995	\$ 662,712	\$ 222,283
 Total CSA Fund	 <u>\$ 888,000</u>	 <u>\$ 884,995</u>	 <u>\$ 662,712</u>	 <u>\$ 222,283</u>
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 603,886	\$ 603,886	\$ 468,652	\$ 135,234
Interest and other fiscal charges	281,417	281,417	340,404	(58,987)
Total Debt Service Fund	<u>\$ 885,303</u>	<u>\$ 885,303</u>	<u>\$ 809,056</u>	<u>\$ 76,247</u>
Capital Projects Funds:				
County Capital Improvements Fund:				
Community Development:				
IDA - Rte 58 water/wastewater project	\$ -	\$ 421,514	\$ 421,513	\$ 1
Total community development	<u>\$ -</u>	<u>\$ 421,514</u>	<u>\$ 421,513</u>	<u>\$ 1</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
County Capital Improvements Fund: (Continued)				
Capital projects:				
Building & Grounds	\$ -	\$ 200,000	\$ 200,000	\$ -
Alvis Road Housing Planning	-	3,400	3,400	-
Silver Trail housing project	-	27,867	27,867	-
Byways Visitor Center - TICR	343,503	343,503	4,650	338,853
Byways Visitor Center - NSBP	459,944	459,944	4,515	455,429
Total capital projects	<u>\$ 803,447</u>	<u>\$ 1,034,714</u>	<u>\$ 240,432</u>	<u>\$ 794,282</u>
Total County Capital Improvements Fund	<u>\$ 803,447</u>	<u>\$ 1,456,228</u>	<u>\$ 661,945</u>	<u>\$ 794,283</u>
Total Primary Government	<u>\$ 22,824,762</u>	<u>\$ 24,739,349</u>	<u>\$ 23,207,011</u>	<u>\$ 1,532,338</u>
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Elementary and secondary schools	\$ 10,844,946	\$ 11,155,935	\$ 10,715,944	\$ 439,991
Guidance services	335,011	335,011	322,631	12,380
Homebound instruction	-	-	12,956	(12,956)
Other instructional costs	1,578,437	2,209,874	2,542,053	(332,179)
Media services	268,423	268,423	255,267	13,156
Office of the principal	1,099,220	1,099,220	1,072,229	26,991
Total instruction costs	<u>\$ 14,126,037</u>	<u>\$ 15,068,463</u>	<u>\$ 14,921,080</u>	<u>\$ 147,383</u>
Operating costs:				
Administration, attendance and health services	\$ 740,025	\$ 742,025	\$ 736,783	\$ 5,242
Pupil transportation	1,942,018	1,969,921	1,881,712	88,209
Operation and maintenance of school plant	2,327,835	2,333,235	2,198,119	135,116
School food service and other non-instructional	-	-	1,231	(1,231)
Total operating costs	<u>\$ 5,009,878</u>	<u>\$ 5,045,181</u>	<u>\$ 4,817,845</u>	<u>\$ 227,336</u>
Total education	<u>\$ 19,135,915</u>	<u>\$ 20,113,644</u>	<u>\$ 19,738,925</u>	<u>\$ 374,719</u>
Capital projects:				
Technology	\$ 847,736	\$ 1,290,017	\$ 1,103,755	\$ 186,262
Building improvement services	-	101,560	87,613	13,947
Total capital projects	<u>\$ 847,736</u>	<u>\$ 1,391,577</u>	<u>\$ 1,191,368</u>	<u>\$ 200,209</u>
Total School Operating Fund	<u>\$ 19,983,651</u>	<u>\$ 21,505,221</u>	<u>\$ 20,930,293</u>	<u>\$ 574,928</u>
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 1,217,640	\$ 1,217,640	\$ 1,165,230	\$ 52,410
Total school food services	<u>\$ 1,217,640</u>	<u>\$ 1,217,640</u>	<u>\$ 1,165,230</u>	<u>\$ 52,410</u>
Total School Cafeteria Fund	<u>\$ 1,217,640</u>	<u>\$ 1,217,640</u>	<u>\$ 1,165,230</u>	<u>\$ 52,410</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 21,201,291</u>	<u>\$ 22,722,861</u>	<u>\$ 22,095,523</u>	<u>\$ 627,338</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				
2006-07	\$ 1,330,260	\$ 692,541	\$ 5,324,896	\$ 1,319,385	\$ 3,016,582	\$ 9,541,387	\$ 383,300	\$ 1,513,809	\$ 616,612	\$ 23,738,772		
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		

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)	
2006-07	\$ 2,723,571	\$ 5,471,611	\$ 1,765,162	\$ 7,723,222	\$ 1,951,691	\$ 794,111	\$ 189,531	\$ 1,496,948	\$ 22,115,847
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

(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
	Admini- stration	Judicial Admini- stration	Public Safety	Public Works	Health and Welfare	Education (3)	Parks, Recreation, and Cultural	Community Development (4)	Debt Service		
2006-07	\$ 1,199,509	\$ 687,288	\$ 4,772,179	\$ 1,401,541	\$ 2,993,062	\$ 23,166,142	\$ 344,169	\$ 365,416	\$ 995,253	\$ 35,924,559	
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	

- (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
2006-07	\$ 7,780,851	\$ 1,951,691	\$ 99,410	\$ 268,598	\$ 604,441	\$ 2,648,431	\$ 502,127	\$ 185,972	\$ 27,257,360	\$ 41,298,881
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

(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	
2006-07	\$	8,994,393	\$	8,651,805	96.19%	\$	336,306	\$	8,988,111	99.93%	\$	318,420	3.54%			
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%			

(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		Public Utility (2)(3)	Total
				Capital			
2006-07	\$ 1,198,603,348	\$ 115,501,239	\$ 12,466,790	\$ 8,477,320	\$ 51,829,901	\$ 1,386,878,598	
2007-08	1,227,726,495	120,564,560	13,807,890	8,712,840	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	1,439,561,257	
2009-10	1,255,809,406	116,649,080	15,126,730	13,329,680	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	1,452,999,352	
2011-12	1,270,891,564	113,532,430	13,964,740	10,930,340	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	1,474,561,068	
2013-14	1,283,649,442	108,030,830	13,688,110	14,602,910	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	1,515,982,637	
2015-16	1,294,538,346	116,860,850	17,351,320	7,543,250	490,330,633	1,926,624,399	

(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	
2006-07	\$	0.39	\$	0.39	\$	3.40	\$	N/A	\$	3.40	\$	1.20
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

(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				
2006-07	18,636	1,386,879	\$ 11,694,753	-	\$	11,694,753	0.84%	628
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

(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*

**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, 2016, 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 14, 2017.

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 (2016-001 and 2016-002).

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, Fawcett, Cox Associates

Charlottesville, Virginia

February 14, 2017

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

**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, 2016. 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, 2016.

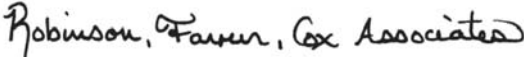
Report on Internal Control over Compliance

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.


Charlottesville, Virginia
February 14, 2017

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	
Department of Health and Human Services:				
Pass Through Payments:				
Virginia Department of Social Services:				
Promoting Safe and Stable Families	93.556	950114/950115	\$	14,525
Temporary Assistance for Needy Families (TANF)	93.558	0400115/0400116		247,524
Refugee and Entrant Assistance - State Administered Programs	93.566	0500115/0500116		235
Low-Income Home Energy Assistance	93.568	0600415/0600416		25,539
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760115/0760116		36,270
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900115/0900116		1,173
Foster Care - Title IV-E	93.658	1100115/1100116		80,090
Adoption Assistance	93.659	1120115/1120116		54,302
Social Services Block Grant	93.667	1000115/1000116		161,747
Chafee Foster Care Independence Program	93.674	9150115/ 9150116		1,603
Children's Health Insurance Program	93.767	0540115/0540116		8,551
Medical Assistance Program	93.778	1200115/1200116		<u>269,861</u>
Total Department of Health and Human Services			\$	<u>901,420</u>
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Agriculture and Consumer Services:				
Food Distribution (Child Nutrition Cluster)	10.555	406230	\$	61,179
Virginia Department of Education:				
National School Lunch Program (Child Nutrition Cluster)	10.555	406230	<u>830,691</u>	\$ 891,870
Virginia Department of Agriculture and Consumer Services:				
Food Distribution--Summer Feeding Program (Child Nutrition Cluster)	10.559	Unknown	\$	871
Virginia Department of Education:				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	Unknown	<u>27,019</u>	27,890
Virginia Department of Education:				
School Breakfast Program (Child Nutrition Cluster)	10.553	405910		<u>219,109</u>
Fresh Fruit and Vegetable Program	10.582	405990		54,070
Virginia Department of Social Services:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010115/ 0010116/0040115/ 0040116/0050115/0050116		222,027
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	0060115		<u>420</u>
Total Department of Agriculture			\$	<u>1,415,386</u>

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)
 For the Year Ended June 30, 2016

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Defense:				
Direct Payments:				
ROTC	12.000	N/A		\$ <u>67,358</u>
Department of Housing and Urban Development:				
Pass Through Payments:				
Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	B-04-DC-51-0001	\$ 27,867	
	14.228	Unavailable	<u>3,400</u>	\$ <u>31,267</u>
Department of Justice:				
Direct payments:				
Bulletproof Vest Partnership Program	16.607	N/A		\$ 8,590
Pass Through Payments:				
Department of Criminal Justice Services:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15-Q1126LO14	\$ 968	
Edward Byrne Memorial Justice Assistance Grant Program	16.738	16-A3260BY11	<u>9,266</u>	\$ <u>10,234</u>
Total Department of Justice				\$ <u>18,824</u>
Department of Homeland Security:				
Pass Through Payments:				
Department of Emergency Management:				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	25-99025-00		\$ <u>3,454</u>
U.S. Election Assistance Commission:				
Pass Through Payments:				
Virginia State Board of Elections:				
Help America Vote Act Requirements Payments	90.401	40040		\$ <u>3,500</u>
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	429010/482920		\$ 771,522
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	430710	\$ 487,896	
Special Education - Preschool Grants (IDEA Preschool)	84.173	625210	<u>10,641</u>	498,537
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	610950		41,345
Twenty-First Century Community Learning Centers	84.287	605650		242,494
Rural Education	84.358	434810		28,722
Improving Teacher Quality State Grants	84.367	614800		138,977
Preschool Development Grants - Expansion	84.419	40020		<u>379,693</u>
Total Department of Education				\$ <u>2,101,290</u>
Total Expenditures of Federal Awards				\$ <u><u>4,542,499</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, 2016

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, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of 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 4 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 66,544
Special Revenue Funds:	
Virginia Public Assistance Fund	1,059,367
CSA Fund	13,500
Debt Service Funds:	
Debt Service Fund	60,603
Capital Projects Funds:	
County Capital Improvements Fund	41,501
Total primary government	\$ <u>1,241,515</u>
Component Unit School Board:	
School Operating Fund	\$ 2,168,648
School Cafeteria Fund	1,192,939
Total component unit School Board	\$ <u>3,361,587</u>
Total federal expenditures per basic financial statements	\$ <u>4,603,102</u>
Reconciling Items:	
Federal interest subsidy	\$ <u>(60,603)</u>
Total reconciling items	\$ <u>(60,603)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>4,542,499</u></u>

COUNTY OF BRUNSWICK, VIRGINIA

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

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? 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:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

2016-001

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: Due to the former Treasurer's retirement during the year, 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 FY16. This led to the need for several audit adjustments at year-end and other financial matters such as a late payment penalty on a SunTrust debt payment.

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016 (Continued)

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.
- 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.

2016-002

- 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: Due to the former Treasurer's retirement during the year, 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, 2016

There were no findings reported for the year ended June 30, 2015.