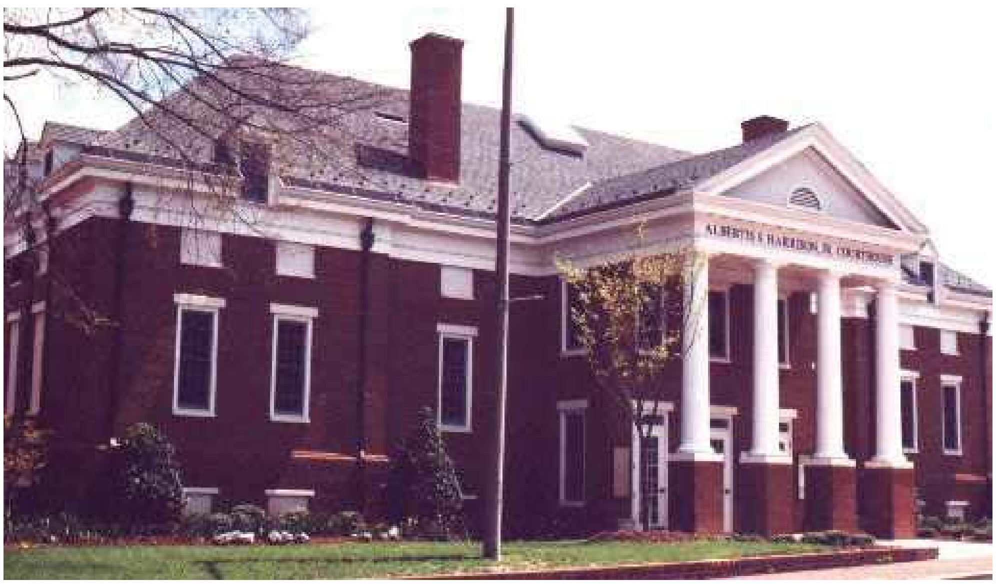
County of Brunswick, Virginia



Financial Report Year Ended June 30, 2018

COUNTY OF BRUNSWICK, VIRGINIA

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For the Year Ended June 30, 2018

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BOARD OF SUPERVISORS

Barbara Jarrett-Harris, Chairperson

Bernard L. Jones, Sr.	John W. Zubrod
Welton Tyler	Frederick Harrison

COUNTY SOCIAL SERVICES BOARD

Jean Moody, Chairperson

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

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, 2018, 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, 2018, 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 Principles

As described in Note 24 to the financial statements, in 2018, the County adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 *Omnibus 2017*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 24 to the financial statements, in 2018, the County restated beginning balances to reflect the requirements of GASB Statement No. 75. 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, 104-105 and 106-119 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.

Supplementary and 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 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 January 21, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Brunswick, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Brunswick, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 21, 2019

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

As management of County of Brunswick, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2018.

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 $14,353,050 (net position), an increase of $2,849,334 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 $4,022,372 (Exhibit 5) after making contributions totaling $5,400,675 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of $20,142,540, an increase of $4,022,372 in comparison with the prior year.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $15,705,618 or 78% of total general fund expenditures.

- Combined long-term obligations for the governmental funds increased $1,315,389 during the current fiscal year. A new capital lease was issued in the amount of $2,150,000 to fund the radio communication network project. Debt balances increased by $1,308,662.

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.

<u>Overview of the Financial Statements: (Continued)</u>

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.

<u>Fund financial statements</u> - 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.

<u>Governmental Funds</u> - 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.

<u>Proprietary Funds</u> – 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.

<u>Fiduciary funds</u> - 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, funding schedules for the Virginia Retirement System and 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 $14,353,050 at the close of the most recent fiscal year.

Summary Statement of Net Position

	Governmental Activities	
	2018	**2017**
Current and other assets	$ 22,050,257	$ 17,918,606
Capital assets	15,191,536	15,309,384
Total assets	$ 37,241,793	$ 33,227,990
Deferred outflows of resources	$ 701,732	$ 927,404
Long-term liabilities	$ 21,470,996	$ 20,155,607
Current liabilities	1,494,733	1,373,451
Total liabilities	$ 22,965,729	$ 21,529,058
Deferred inflows of resources	$ 624,746	$ 450,227
Net position:		
Net investment in capital assets	$ 5,872,160	$ 7,408,157
Restricted	280,082	276,498
Unrestricted	8,200,808	4,491,454
Total net position	$ 14,353,050	$ 12,176,109

At the end of the current fiscal year, the County's net investment in capital assets was $5,872,160. 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 $2,849,334.

Summary Statement of Change in Net Position

	Governmental Activities	
	2018	**2017**
Revenues:		
Program revenues:		
Charges for services	$ 2,369,366	$ 2,329,785
Operating grants and contributions	4,589,867	4,297,335
Capital grants and contributions	630,396	682,187
General revenues:		
General property taxes	15,331,809	14,348,055
Other local taxes	1,702,794	1,617,595
Grants and other contributions not restricted	1,890,960	1,825,375
Use of money and property	163,660	139,209
Miscellaneous	95,138	140,896
Total revenues	$ 26,773,990	$ 25,380,437
Expenses:		
General government administration	$ 1,985,432	$ 1,822,713
Judicial administration	1,529,147	1,459,765
Public safety	7,746,153	7,167,141
Public works	1,707,126	1,704,854
Health and welfare	2,872,766	2,980,849
Education	6,303,988	5,434,742
Parks, recreation, and cultural	307,427	255,735
Community development	855,923	677,268
Interest on long-term debt	616,694	583,281
Total expenses	$ 23,924,656	$ 22,086,348
Increase (decrease) in net position	$ 2,849,334	$ 3,294,089
Net position, July 1	$ 12,176,109	$ 8,882,020
GASB 75 restatement	(672,393)	-
Net position, July 1, restated	$ 11,503,716	$ 8,882,020
Net position, June 30	$ 14,353,050	$ 12,176,109

Government-wide Financial Analysis: (Continued)

Key elements of this increase are as follows:

Total revenues increased by $1,393,553 over the prior year. General property taxes increased by $983,754, reflecting the increased real estate, personal property, and fire and rescue volunteer rates from $.47 to $.52, $3.60 to $3.65, and $2.64 to $2.71, respectively. The only other category with a noticeable change was operating grants and contributions, with a $292,532 increase. An E-911 grant of $117,334 was received in fiscal year 2018 and CSA revenue increased $81,110.

Total expenses increased by $1,838,308 over the prior year. Public safety and education showed increases of $579,012 and $869,246, respectively. Implementation and training costs related to the E-summons project and funding provided to the fire and EMS agencies increased public safety expenses. Education increases were related to increased pupil transportation and technology costs. 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 $20,142,540, an increase of $4,022,372 in comparison with the prior year. Approximately 78% 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 $664,038 in expenditures and can be briefly summarized as follows:

- $379,694 in increases for public safety
- $26,645 in increases for public works
- $216,594 in increases for education
- $41,105 in other increases

Of this increase, $4,569 and $28,339 was to be funded from miscellaneous revenues and state grant funding. The remaining $631,130 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 $778,712, 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, 2018 amounted to $15,191,536 (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 $668,668 during the current fiscal year, while accumulated depreciation increased by $786,516, resulting in a net decrease of $117,848. Additions included the purchase of the IDA's share of the student activity center, several new vehicles, including five chargers for the sheriff's office and two explorers for country administration, and completion of the E-summons system and the Byways Visitor Center Project. A radio communication system upgrade was in progress at year-end.

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 $21,470,996 for its governmental operations. Of this amount $13,087,953 comprises obligations backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations ($8,383,043) represents bonds secured solely by specified revenue sources (i.e., revenue bonds and QZABs).

The County's total debt and other long-term obligations outstanding increased by $1,315,389 during the current fiscal year. Required payments made on outstanding principal balances were offset by the issuance of a capital lease and recognition of OPEB liabilities in accordance with GASB 75.

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 5.1 percent, which is a slight decrease from a rate of 5.4 percent a year ago. This is slightly higher than the state's average unemployment rate of 3.1 percent and the national average rate of 3.7 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 2019 fiscal year.

The County's fiscal year 2019 budget amounted to $23,792,804 (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

Government-wide Financial Statements

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Statement of Net Position
June 30, 2018

		Primary Government		Component Units		
		Governmental Activities		School Board		IDA
ASSETS						
Cash and cash equivalents	$	15,898,920	$	737,524	$	3,630,450
Receivables (net of allowance for uncollectibles):						
Taxes receivable		685,402		-		-
Accounts receivable		331,572		15,253		244,054
Due from component units		500,000		-		-
Due from other governmental units		869,292		1,033,198		-
Inventories		3,376		-		-
Prepaid items		12,000		-		-
Restricted assets:						
Cash and cash equivalents		1,584,582		-		-
Investments (in custody of others)		2,165,113		-		-
Other assets:						
Land and improvements held for sale		-		-		2,659,004
Investment in industrial assets		-		-		8,049,454
Leases receivable		-		-		330,035
Net pension asset		-		241,709		74,392
Capital assets (net of accumulated depreciation):						
Land		716,374		25,822		39,142
Buildings and improvements		12,011,732		6,708,758		105,769
Machinery, equipment, and vehicles		1,783,819		1,025,503		2,112
Intangibles		144,934		-		-
Construction in progress		534,677		-		-
Total assets	$	37,241,793	$	9,787,767	$	15,134,412
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	$	660,919	$	1,806,467	$	281
OPEB related items		40,813		174,920		425
Total deferred outflows of resources	$	701,732	$	1,981,387	$	706
LIABILITIES						
Accounts payable	$	579,605	$	305,327	$	423
Accrued liabilities		-		896,932		-
Retainage payable		-		-		36,156
Escrow accounts		-		-		27,787
Accrued interest payable		915,128		69,770		-
Due to primary government		-		-		500,000
Long-term liabilities:						
Due within one year		1,714,343		131,405		50,592
Due in more than one year		19,756,653		18,782,934		10,000
Total liabilities	$	22,965,729	$	20,186,368	$	624,958
DEFERRED INFLOWS OF RESOURCES						
Deferred gain on sale-leaseback	$	-	$	-	$	14,334
Pension related items		563,798		3,096,704		8,921
OPEB related items		60,948		157,636		1,000
Total deferred inflows of resources	$	624,746	$	3,254,340	$	24,255
NET POSITION (DEFICIT)						
Net investment in capital assets	$	5,872,160	$	7,447,498	$	8,145,885
Restricted:						
Anti-litter		201		-		-
Electronic summons		15,305		-		-
Law library		23,414		-		-
Drug enforcement		115,929		-		-
Courthouse maintenance		66,816		-		-
Courthouse security		58,417		-		-
Unrestricted (deficit)		8,200,808		(19,119,052)		6,340,020
Total net position (deficit)	$	14,353,050	$	(11,671,554)	$	14,485,905

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, 2018

Functions/Programs		Expenses		Program Revenues: Charges for Services		Program Revenues: Operating Grants and Contributions		Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	$	1,985,432	$	49,007	$	225,316	$	-
Judicial administration		1,529,147		1,678,882		573,037		-
Public safety		7,746,153		190,092		1,455,005		-
Public works		1,707,126		450,006		41,645		-
Health and welfare		2,872,766		-		2,290,364		-
Education		6,303,988		-		-		60,733
Parks, recreation, and cultural		307,427		-		4,500		267,065
Community development		855,923		1,379		-		302,598
Interest on long-term debt		616,694		-		-		-
Total governmental activities	$	23,924,656	$	2,369,366	$	4,589,867	$	630,396
COMPONENT UNITS:								
School Board	$	21,691,406	$	176,314	$	16,624,297	$	-
Industrial Development Authority		815,434		277,220		244,054		54,202
Total component units	$	22,506,840	$	453,534	$	16,868,351	$	54,202

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 (deficit) - beginning, as restated
Net position (deficit) - 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 Government	Component Units	
Governmental Activities	School Board	IDA
$ (1,711,109)		
722,772		
(6,101,056)		
(1,215,475)		
(582,402)		
(6,243,255)		
(35,862)		
(551,946)		
(616,694)		
$ (16,335,027)		
	$ (4,890,795)	$ -
	-	(239,958)
	$ (4,890,795)	$ (239,958)
$ 15,331,809	$ -	$ -
922,940	-	-
256,823	-	-
290,013	-	-
233,018	-	-
-	5,955,721	36,279
163,660	1,600	15,405
95,138	216,354	-
1,890,960	-	-
$ 19,184,361	$ 6,173,675	$ 51,684
2,849,334	1,282,880	(188,274)
11,503,716	(12,954,434)	14,674,179
$ 14,353,050	$ (11,671,554)	$ 14,485,905

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Fund Financial Statements

Balance Sheet
Governmental Funds
June 30, 2018

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	Other Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 15,358,371	$ -	$ 167,035	$ 373,514	$ -	$ 15,898,920
Receivables (net of allowance for uncollectibles):						
Taxes receivable	685,402	-	-	-	-	685,402
Accounts receivable	323,857	-	-	-	7,715	331,572
Due from other funds	157,569	-	-	-	-	157,569
Due from component unit	500,000	-	-	-	-	500,000
Due from other governmental units	544,211	131,696	-	97,246	96,139	869,292
Inventories	-	-	-	-	3,376	3,376
Prepaid items	12,000	-	-	-	-	12,000
Restricted assets:						
Cash and cash equivalents	-	-	-	1,584,582	-	1,584,582
Investments	-	-	2,165,113	-	-	2,165,113
Total assets	$ 17,581,410	$ 131,696	$ 2,332,148	$ 2,055,342	$ 107,230	$ 22,207,826
LIABILITIES						
Accounts payable	$ 493,140	$ 5,184	$ -	$ 7,846	$ 73,435	$ 579,605
Accrued interest payable	-	-	738,929	-	-	738,929
Due to other funds	-	126,512	-	-	31,057	157,569
Total liabilities	$ 493,140	$ 131,696	$ 738,929	$ 7,846	$ 104,492	$ 1,476,103
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	$ 589,183	$ -	$ -	$ -	$ -	$ 589,183
FUND BALANCES						
Nonspendable:						
Prepaids	$ 12,000	$ -	$ -	$ -	$ -	$ 12,000
Inventories	-	-	-	-	3,376	3,376
Long-term loans and advances	500,000	-	-	-	-	500,000
Restricted:						
Anti-litter	201	-	-	-	-	201
Electronic summons	15,305	-	-	-	-	15,305
Law library	23,414	-	-	-	-	23,414
Drug enforcement	115,929	-	-	-	-	115,929
Courthouse maintenance	66,816	-	-	-	-	66,816
Courthouse security	58,417	-	-	-	-	58,417
Debt service funds - QZABs	-	-	1,426,184	-	-	1,426,184
Committed:						
Radio communication network upgrade	-	-	-	1,584,582	-	1,584,582
Rt 58 water/wastewater infrastructure	-	-	-	281,335	-	281,335
Debt service funds	-	-	167,035	-	-	167,035
Assigned:						
DMV Select	189	-	-	-	-	189
Water safety	1,198	-	-	-	-	1,198
Other capital projects	-	-	-	181,579	-	181,579
Unassigned:						
General fund	15,705,618	-	-	-	-	15,705,618
Special revenue funds	-	-	-	-	(638)	(638)
Total fund balances	$ 16,499,087	$ -	$ 1,593,219	$ 2,047,496	$ 2,738	$ 20,142,540
Total liabilities, deferred inflows of resources and fund balances	$ 17,581,410	$ 131,696	$ 2,332,148	$ 2,055,342	$ 107,230	$ 22,207,826

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, 2018

Amounts reported for governmental activities in the statement of net position are different because:				
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds			$	20,142,540
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Land	$	716,374		
Buildings and improvements		12,011,732		
Machinery, equipment, and vehicles		1,783,819		
Intangibles		144,934		
Construction in progress		534,677		15,191,536
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.				589,183
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.				
Pension related items	$	660,919		
OPEB related items		40,813		701,732
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.				
Lease revenue bonds	$	(6,569,814)		
General obligation bonds		(4,585,502)		
Plus: Premium on issuance		(43,503)		
Qualified zone academy bonds		(1,813,229)		
Capital lease		(2,150,000)		
Early retirement incentive costs		(206,000)		
Brodnax sewer capacity agreement		(148,512)		
Compensated absences		(626,876)		
Landfill closure/postclosure liability		(633,625)		
Net OPEB liabilities		(938,699)		
Net pension liability		(3,755,236)		
Accrued interest payable		(176,199)		(21,647,195)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items	$	(563,798)		
OPEB related items		(60,948)		(624,746)
Net position of governmental activities			$	14,353,050

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, 2018

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	Other Governmental Funds	Total
REVENUES						
General property taxes	$ 15,335,217	$ -	$ -	$ -	$ -	$ 15,335,217
Other local taxes	1,702,794	-	-	-	-	1,702,794
Permits, privilege fees, and regulatory licenses	69,089	-	-	-	-	69,089
Fines and forfeitures	1,349,105	-	-	-	-	1,349,105
Revenue from the use of money and property	93,326	-	52,509	14,225	3,600	163,660
Charges for services	949,402	-	-	-	1,770	951,172
Miscellaneous	93,263	1,439	-	-	436	95,138
Recovered costs	319,916	-	-	-	7,565	327,481
Intergovernmental:						
Commonwealth	4,139,883	580,278	-	16,327	549,201	5,285,689
Federal	99,790	1,100,816	60,733	553,337	10,858	1,825,534
Total revenues	$ 24,151,785	$ 1,682,533	$ 113,242	$ 583,889	$ 573,430	$ 27,104,879
EXPENDITURES						
Current:						
General government administration	$ 1,821,500	$ -	$ -	$ -	$ -	$ 1,821,500
Judicial administration	1,585,807	-	-	-	-	1,585,807
Public safety	7,868,156	-	-	-	-	7,868,156
Public works	1,729,215	-	-	-	34,686	1,763,901
Health and welfare	208,271	2,025,507	-	-	791,734	3,025,512
Education	5,465,025	-	-	-	-	5,465,025
Parks, recreation, and cultural	255,023	-	-	-	-	255,023
Community development	470,141	-	-	-	-	470,141
Capital projects	7,500	-	-	1,520,506	-	1,528,006
Debt service:						
Principal retirement	341,736	-	488,826	-	-	830,562
Interest and other fiscal charges	259,326	-	304,690	-	-	564,016
Issuance costs	-	-	-	54,858	-	54,858
Total expenditures	$ 20,011,700	$ 2,025,507	$ 793,516	$ 1,575,364	$ 826,420	$ 25,232,507
Excess (deficiency) of revenues over (under) expenditures	$ 4,140,085	$ (342,974)	$ (680,274)	$ (991,475)	$ (252,990)	$ 1,872,372
OTHER FINANCING SOURCES (USES)						
Transfers in	$ 222,784	$ 342,974	$ 624,960	$ 875,505	$ 242,173	$ 2,308,396
Transfers out	(2,085,612)	-	-	(222,784)	-	(2,308,396)
Issuance of capital leases	-	-	-	2,150,000	-	2,150,000
Total other financing sources (uses)	$ (1,862,828)	$ 342,974	$ 624,960	$ 2,802,721	$ 242,173	$ 2,150,000
Net change in fund balances	$ 2,277,257	$ -	$ (55,314)	$ 1,811,246	$ (10,817)	$ 4,022,372
Fund balances - beginning	14,221,830	-	1,648,533	236,250	13,555	16,120,168
Fund balances - ending	$ 16,499,087	$ -	$ 1,593,219	$ 2,047,496	$ 2,738	$ 20,142,540

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, 2018

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

Net change in fund balances - total governmental funds		$ 4,022,372
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	$ 1,243,981	
Depreciation	(796,783)	
Adjustment for jointly owned assets	(458,726)	
Depreciation adjustment for jointly owned assets	(96,320)	(117,848)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		
Capital asset disposals	$ (116,587)	
Depreciation adjustment for disposals	116,587	-
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.		(3,408)
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.		
Issuance of capital lease	$ (2,150,000)	
Amortization of premium on issuance	10,776	
Payment of principal	830,562	
Increase in landfill closure/postclosure care liability	(11,203)	(1,319,865)
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	$ (1,683)	
Pension expense	287,635	
OPEB expense	(9,274)	
Accrued interest payable	(8,595)	268,083
Change in net position of governmental activities		$ 2,849,334

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

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Agency Funds
ASSETS		
Cash and cash equivalents	$	32,550
Total assets	$	32,550
LIABILITIES		
Amounts held for social services clients	$	1,334
Amounts held for others		8,461
Escrow deposits payable		22,755
Total liabilities	$	32,550

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

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.

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, 2018.

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, 2018.

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.

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, Greensville and the City of Emporia provide the financial support for the Library and appoint its governing Board, in which is vested the ability to execute contracts and to budget and expend funds. The County appoints five (5) of the ten (10) members of the Board. The County provided $184,838 in operating funds to the Library in 2018.

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 $72,269 as operating grants to the Southside Community Services Board for the fiscal year ended June 30, 2018.

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 $2,569,778 to the Jail for the fiscal year ended June 30, 2018.

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.

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, 2018.

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.

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 2018.

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.

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. Expenditures in the Health and Welfare function of the general fund exceeded appropriations at year-end.

9. The expenditure budget is enacted through an annual appropriations ordinance. Appropriations are made at the departmental level for the primary government and at the function level for the School Board. State law requires that if budget amendments exceed 1% of the original adopted budget the Board of Supervisors may legally amend the budget only by following the procedures used in the adoption of the original budget. There were no budget amendments during the year that exceeded the 1% limitation. The Board of Supervisors must approve all appropriations and transfers of appropriated amounts.

F. Cash and Cash Equivalents

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

G. Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are stated at fair value. Restricted investments include amounts set aside in a sinking fund to repay qualified zone academy bonds. Under the terms of the Forward Delivery Agreement, the County will invest the Sinking Fund Deposit in securities delivered by Bank of America via payment through a 3rd party custodian for a guaranteed fixed rate of return as outlined in the Funding Agreement. The Sinking Fund will be invested in legal investments for public sinking funds under the Virginia Investment of Public Funds Act. Related to the QZABs, annual deposits of $56,896 and $78,893 will be made into sinking funds earning interest at 3.2% and 2.0%, respectively resulting in $1,077,000 and $1,536,671, respectively at maturity to satisfy the outstanding obligations.

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 $162,400 at June 30, 2018 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:

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

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.

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 one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension and net OPEB (asset) liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension and net OPEB (asset) liability measurement date. For more detailed information on these items, reference the pension and OPEB notes.

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 and net OPEB (asset) liabilities are reported as deferred inflows of resources. For more detailed information on the pension and OPEB related items, reference the pension and OPEB notes.

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. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Program OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Political Subdivision and Teacher Employee Health Insurance Credit Program

The School Board and Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Programs were established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the Programs' OPEB, and the related OPEB expenses, information about the fiduciary net position of the School Board and VRS Teacher Employee HIC Programs; and the additions to/deductions from the School Board and VRS Teacher Employee HIC Programs' net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair

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

R. 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.

S. 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.

T. Upcoming Pronouncements

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

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

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

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

T. Upcoming Pronouncements: (Continued)

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, clarifies which liabilities governments should include when disclosing information related to debt. It defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, it requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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

Note 2–Deposits and Investments:

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.

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, 2018 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, 2018 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:		
Local government investment pool	$	3,655
State Non-Arbitrage Pool		1,584,582
Total	$	1,588,237

		AAAm
Component Unit Industrial Development Authority:		
Local government investment pool	$	374,321

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.

Investment Maturities (in years)

Investment Type	Value	Less Than 1 Year
Governmental Activities:		
LGIP	$ 3,655	$ 3,655
State Non-Arbitrage Pool	1,584,582	1,584,582
Total	$ 1,588,237	$ 1,588,237
Component Unit Industrial Development Authority:		
LGIP	$ 374,321	$ 374,321

External Investment Pools

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

Note 3–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 2017 were levied by the County Board of Supervisors on June 21, 2017, on the assessed value listed as of January 1, 2017.

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

Note 4–Receivables:

Receivables at June 30, 2018 consist of the following:

	Primary Government			Component Units	
	Governmental Activities				
	General	Special Revenue	Total	School Board	IDA
Property taxes	$ 847,802	$ -	$ 847,802	$ -	$ -
Allowance for uncollectibles	(162,400)	-	(162,400)	-	-
Net taxes receivable	$ 685,402	$ -	$ 685,402	$ -	$ -
Accounts receivable:					
Landfill host fees	$ 65,894	$ -	$ 65,894	$ -	$ -
Utility and consumption taxes	24,553	-	24,553	-	-
Courthouse security	15,067	-	15,067	-	-
Court fines	138,400	-	138,400	-	-
Transport billing services	33,133	-	33,133	-	-
Airport recovery	-	7,565	7,565	-	-
Expenditure refunds	-	-	-	2,231	-
Other	46,810	150	46,960	13,022	244,054
Total accounts receivable	$ 323,857	$ 7,715	$ 331,572	$ 15,253	$ 244,054
Leases receivable:					
Social Services	$ -	$ -	$ -	$ -	$ 131,800
Ackerman	-	-	-	-	198,235
Total leases receivable	$ -	$ -	$ -	$ -	$ 330,035

As of June 30, 2018, the Ackerman lease had a past due balance of $23,844.

Note 5–Due to/from Component Units:

Payable Entity	Amount
Component-Unit Industrial Development Authority	$ 500,000

See Note 22 for further details.

Note 6–Due from Other Governmental Units:

At June 30, 2018, the County had receivables from other governments as follows:

	Governmental Activities				Component Units	
	General	Special Revenue	Capital Projects	Total	School Board	IDA
Commonwealth of Virginia:						
Local sales taxes	$ 189,219	$ -	$ -	$ 189,219	$ -	$ -
State sales taxes	-	-	-	-	267,375	-
Communication sales taxes	61,475	-	-	61,475	-	-
Public assistance	-	44,523	-	44,523	-	-
Comprehensive services	-	95,308	-	95,308	-	-
Shared expenses and grants	174,104	-	-	174,104	-	-
Wireless E911 revenues	16,266	-	-	16,266	-	-
Victim witness	30,315	-	-	30,315	-	-
Emergency services	27,074	-	-	27,074	-	-
Technology Initiative	-	-	-	-	168,617	-
Other	45,758	831	-	46,589	101,236	-
Federal government:						
Public assistance	-	87,173	-	87,173	-	-
CDBG funds	-	-	81,972	81,972	-	-
VDOT grant	-	-	15,274	15,274	-	-
Title I	-	-	-	-	213,007	-
Title VI-B	-	-	-	-	77,591	-
Teacher quality	-	-	-	-	51,879	-
Vocational education	-	-	-	-	46,660	-
Nutrition	-	-	-	-	19,107	-
Pre-K development	-	-	-	-	35,303	-
Other	-	-	-	-	52,423	-
Total	$ 544,211	$ 227,835	$ 97,246	$ 869,292	$ 1,033,198	$ -

Note 7–Capital Assets:

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

Primary Government:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 716,374	$ -	$ -	$ 716,374
Construction in Progress	929,709	660,506	1,055,538	534,677
Total capital assets not being depreciated	$ 1,646,083	$ 660,506	$ 1,055,538	$ 1,251,051
Other capital assets:				
Buildings and improvements	$ 12,275,793	$ 1,255,538	$ -	$ 13,531,331
Machinery, equipment and vehicles	6,207,456	383,475	116,587	6,474,344
Intangibles	344,214	-	-	344,214
Jointly owned assets	6,857,457	-	458,726	6,398,731
Total other capital assets	$ 25,684,920	$ 1,639,013	$ 575,313	$ 26,748,620
Accumulated depreciation:				
Buildings and improvements	$ 5,356,028	$ 352,254	$ -	$ 5,708,282
Machinery, equipment and vehicles	4,361,641	445,471	116,587	4,690,525
Intangibles	190,222	9,058	-	199,280
Jointly owned assets	2,113,728	230,083	133,763	2,210,048
Total accumulated depreciation	$ 12,021,619	$ 1,036,866	$ 250,350	$ 12,808,135
Other capital assets, net	$ 13,663,301	$ 602,147	$ 324,963	$ 13,940,485
Net capital assets	$ 15,309,384	$ 1,262,653	$ 1,380,501	$ 15,191,536

Capital assets include idle assets with a carrying value of $7,948 as of June 30, 2018.

Depreciation is allocated to:	
General government administration	$ 234,452
Judicial administration	7,285
Public safety	346,450
Public works	140,428
Health and welfare	25,764
Education	230,083
Parks and recreation	52,404
Total	$ 1,036,866

Note 7–Capital Assets: (Continued)

Component Unit-School Board:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 25,822	$ -	$ -	$ 25,822
Total capital assets not being depreciated	$ 25,822	$ -	$ -	$ 25,822
Other capital assets:				
Buildings and improvements	$ 9,316,674	$ -	$ -	$ 9,316,674
Machinery, equipment and vehicles	5,340,156	635,749	-	5,975,905
Jointly owned assets	5,639,015	458,726	-	6,097,741
Total other capital assets	$ 20,295,845	$ 1,094,475	$ -	$ 21,390,320
Accumulated depreciation:				
Buildings and improvements	$ 6,318,282	$ 116,102	$ -	$ 6,434,384
Machinery, equipment and vehicles	4,640,977	309,425	-	4,950,402
Jointly owned assets	2,016,931	254,342	-	2,271,273
Total accumulated depreciation	$ 12,976,190	$ 679,869	$ -	$ 13,656,059
Other capital assets, net	$ 7,319,655	$ 414,606	$ -	$ 7,734,261
Net capital assets	$ 7,345,477	$ 414,606	$ -	$ 7,760,083
Depreciation is allocated to education		$ 679,869		

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, 2018, is that school financed assets in the amount of $4,188,683 net are reported in the Primary Government for financial reporting purposes.

Note 7–Capital Assets: (Continued)

Component Unit-Industrial Development Authority:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not being depreciated:				
Land	$ 41,048	$ -	$ 1,906	$ 39,142
Other capital assets:				
Buildings	$ 552,758	$ -	$ 353,660	$ 199,098
Improvements	26,022	-	-	26,022
Machinery, equipment and vehicles	37,659	45,200	66,840	16,019
Total other capital assets	$ 616,439	$ 45,200	$ 420,500	$ 241,139
Accumulated depreciation:				
Buildings	$ 93,346	$ 14,173	$ 14,190	$ 93,329
Improvements	26,022	-	-	26,022
Machinery, equipment and vehicles	34,587	960	21,640	13,907
Total accumulated depreciation	$ 153,955	$ 15,133	$ 35,830	$ 133,258
Other capital assets, net	$ 462,484	$ 30,067	$ 384,670	$ 107,881
Net capital assets	$ 503,532	$ 30,067	$ 386,576	$ 147,023
Depreciation is allocated to the Industrial Development Authority			$ 15,133	

Note 8–Unearned and Unavailable Revenue:

The government's unavailable and unearned revenue consist of the following at June 30, 2018:

	Government-wide Statements		Balance Sheet
	Governmental Activities	Component Unit Industrial Development Authority	Governmental Funds
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.	$ -	$ -	$ 589,183
Component Unit Industrial Development Authority:			
Deferred gain on sale-leaseback:			
Long-term profit on sale of building amortized annually through 2022	$ -	$ 14,334	$ -

Note 9–Long-Term Obligations:

The following is a summary of long-term obligation transactions for the County for the year ended June 30, 2018.

	Balance July 1, 2017	Restate-ments	Balance July 1, Adjusted	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2018
Primary Government:						
Bonds payable:						
Lease revenue bonds	$ 6,902,814	$ -	$ 6,902,814	$ -	$ 333,000	$ 6,569,814
General obligation bonds:						
School	5,044,228	-	5,044,228	-	458,726	4,585,502
Premium on issuance	54,279	-	54,279	-	10,776	43,503
Qualified Zone Academy Bonds	1,813,229	-	1,813,229	-	-	1,813,229
Total bonds payable	$ 13,814,550	$ -	$ 13,814,550	$ -	$ 802,502	$ 13,012,048
Capital lease - radio communication network	-			2,150,000	-	2,150,000
Early retirement incentive costs	236,100	-	236,100	-	30,100	206,000
Sewer capacity agreement	157,248	-	157,248	-	8,736	148,512
Compensated absences	625,193	-	625,193	1,683	-	626,876
Landfill closure/postclosure liability	622,422	-	622,422	11,203	-	633,625
Net OPEB liabilities	277,167	697,376	974,543	70,468	106,312	938,699
Net pension liability	4,422,927	-	4,422,927	1,946,559	2,614,250	3,755,236
Total obligations from governmental activities	$ 20,155,607	$ 697,376	$ 20,852,983	$ 4,179,913	$ 3,561,900	$ 21,470,996
Component Units:						
School Board						
Capital lease - buses	$ -	$ -	$ -	$ 394,200	$ 81,615	$ 312,585
Compensated absences	540,777	-	540,777	12,145	-	552,922
Net OPEB liabilities	450,726	2,726,581	3,177,307	193,381	354,856	3,015,832
Net pension liability	17,495,117	-	17,495,117	3,317,780	5,779,897	15,033,000
Total payable from School Board	$ 18,486,620	$ 2,726,581	$ 21,213,201	$ 3,917,506	$ 6,216,368	$ 18,914,339
Industrial Development Authority						
Town of Lawrenceville loan agreement	$ 149,544	$ -	$ 149,544	$ -	$ 98,952	$ 50,592
Net OPEB liability	-	12,000	12,000	-	2,000	10,000
Total payable from IDA	$ 149,544	$ 12,000	$ 161,544	$ -	$ 100,952	$ 60,592
Total obligations from component units	$ 18,636,164	$ 2,738,581	$ 21,374,745	$ 3,917,506	$ 6,317,320	$ 18,974,931
Total long-term obligations	$ 38,791,771	$ 3,435,957	$ 42,227,728	$ 8,097,419	$ 9,879,220	$ 40,445,927

Reconciliation to Exhibit 1:

		Component Units		
	Primary Government	School Board	Industrial Development Authority	Total
Long-term liabilities:				
Due within one year	$ 1,714,343	$ 131,405	$ 50,592	$ 1,896,340
Due in more than one year	19,756,653	18,782,934	10,000	38,549,587
Total long-term obligations	$ 21,470,996	$ 18,914,339	$ 60,592	$ 40,445,927

Note 9–Long-Term Obligations: (Continued)

Primary Government:

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

Year Ending June 30,	Principal	Interest
2019	$ 1,651,655	$ 581,366
2020	2,134,977	525,944
2021	1,013,669	478,822
2022	1,041,173	444,528
2023	1,071,405	408,522
2024-2028	4,848,715	1,488,552
2029-2033	3,342,494	596,694
2034-2035	412,472	10,113
Total	$ 15,516,560	$ 4,534,541

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

School Board:

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

Year Ending June 30,	Principal	Interest
2019	$ 76,113	$ 5,502
2020	77,453	4,162
2021	78,816	2,799
2022	80,203	1,412
Total	$ 312,585	$ 13,875

Note 9–Long-Term Obligations: (Continued)

Industrial Development Authority:

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

Year Ending June 30,	Principal	Interest
2019	$ 50,592	$ 758
Total	$ 50,592	$ 758

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.

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 6/30/18 was $36,760,000.

Note 9–Long-Term Obligations: (Continued)

Details of Long-Term Obligations:

Type/ Project	Interest Rates	Issue Date	Principal Installments	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Primary Government:							
Lease revenue bonds:							
Old Courthouse Renovation	2.70%	11/20/2012	Annual	10/31/2032	$ 3,000,000	$ 2,004,814	$ 132,000
Rt. 58 Infrastructure	.720%-5.121%	11/20/2013	Annual	10/1/2033	5,175,000	4,565,000	210,000
Total lease revenue bonds						$ 6,569,814	$ 342,000
General obligation school bonds:							
School bonds	3.10%-5.35%	11/6/2003	Annual	7/15/2023	$ 1,388,892	$ 495,155	$ 77,006
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	n/a	8,621	2,555
School bonds	4.225%-5.100%	11/9/2006	Annual	7/15/2016	6,009,753	3,040,347	309,538
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	n/a	34,882	7,060
School bonds	4.25% *	12/1/2011	Annual	n/a	1,530,000	1,050,000	80,000
Net general obligation school bonds	* To be refunded by Federal Tax Credit					$ 4,629,005	$ 476,159
School construction bonds (Qualified Zone Academy Bonds):							
School construction	3.2% Imputed	12/29/2003	Annual *	12/29/2018	$ 671,460	$ 671,460	$ 671,460
School construction	2.0% Imputed	12/31/2004	Annual *	12/30/2020	1,141,769	1,141,769	-
Total school construction bonds			*Payments into sinking fund			$ 1,813,229	$ 671,460
Other Obligations:							
Capital lease - radio communications network	2.99% *	3/9/2018	Annual	2/1/2033	$ 2,150,000	$ 2,150,000	$ 122,000
	* 10 Year Interest Rate - Reset at 2/1/28 (based on Prime less 1.51% with a floor of 2.99%)						
Early retirement incentive costs	3.76%	2004 (Refi)	Annual	11/15/2023	541,300	206,000	31,300
Town of Broadnax sewer capacity agreement	** n/a	1997	Monthly	6/2035	344,214	148,512	8,736
	** To purchase 20,000 gpd of sewer capacity						
Compensated absences	n/a	n/a	n/a	n/a	n/a	626,876	62,688
Landfill closure/postclosure liability	n/a	n/a	n/a	n/a	n/a	633,625	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	n/a	938,699	-
Net pension liability	n/a	n/a	n/a	n/a	n/a	3,755,236	-
Total Other Obligations						$ 8,458,948	$ 224,724
Total long-term obligations, Primary Government						$ 21,470,996	$ 1,714,343
Component Unit School Board:							
Other Obligations:							
Capital lease - buses	1.76%	8/4/2017	Annual	7/26/2021	$ 394,200	$ 312,585	$ 76,113
Compensated absences	n/a	n/a	n/a	n/a	n/a	552,922	55,292
Net OPEB liabilities	n/a	n/a	n/a	n/a	n/a	3,015,832	-
Net pension liablity	n/a	n/a	n/a	n/a	n/a	15,033,000	-
Total long-term obligations, Component Unit School Board						$ 18,914,339	$ 131,405
Component Unit Industrial Development Authority:							
Water and sewer bond - Town of Lawrenceville	3.00%	10/1/1997	Annual	12/1/2018	$ 1,450,000	$ 50,592	$ 50,592
Other Obligations:							
Net OPEB liability						10,000	-
Total Other Obligations						$ 60,592	$ 50,592

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 Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance test which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

At year end, the County had several contractual commitments, some of which are presented in the financial statements as construction in progress. Outstanding contractual amounts at June 30, 2018 were as follows:

Purpose	Contract Amount	Spent to Date	Balance of Contract
Flat Rock Road Housing Rehab. Project	$ 164,028	$ 65,102	$ 98,926
Radio Communication of Virginia	2,089,100	534,677	1,554,423
Total	$ 2,253,128	$ 599,779	$ 1,653,349

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, 2018, 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 $25,000 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 2018. 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 a VRS Retirement Plan upon employment. This agent multiple-employer plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**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.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 (Cont.)	**About Plan 2 (Cont.)**	**About the Hybrid Retirement Plan (Cont.)** • 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.
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, and they have not taken a refund. **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. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**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. **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. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • 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.

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr><td>Hybrid Opt-In Election

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.</td><td>Hybrid Opt-In Election

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.</td><td>*Non-Eligible Members
Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
• 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.</td></tr>
<tr><td>Retirement Contributions
Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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.</td><td>Retirement Contributions
Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</td><td>Retirement Contributions
A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</td></tr>
</table>

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Creditable Service** Same as Plan 1.	**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. **<u>Defined Contribution Component:</u>** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.
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.	**Vesting** Same as Plan 1.	**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.

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Vesting (Cont.) Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting (Cont.)** Same as Plan 1.	**Vesting (Cont.)** **<u>Defined Benefit Component: (Cont.)</u>** 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. **<u>Defined Contribution 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. 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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • 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. Distribution is not required by law until age 70½.

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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. 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.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** 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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
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%. **Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	**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. **Sheriffs and regional jail superintendents:** Same as Plan 1.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **Sheriffs and regional jail superintendents:** Not applicable.

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Political subdivision hazardous duty employees:** Same as Plan 1.	**Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.
Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **<u>Defined Benefit Component:</u>** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
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. **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.	**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. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**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. **Political subdivisions hazardous duty employees:** Not applicable. **<u>Defined Contribution Component:</u>** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

<table>
<tr><th colspan="3">RETIREMENT PLAN PROVISIONS (CONTINUED)</th></tr>
<tr><th>PLAN 1</th><th>PLAN 2</th><th>HYBRID RETIREMENT PLAN</th></tr>
<tr>
<td>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.

Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</td>
<td>Earliest Reduced Retirement Eligibility
VRS: Age 60 with at least five years (60 months) of creditable service.

Political subdivisions hazardous duty employees: Same as Plan 1.</td>
<td>Earliest Reduced Retirement Eligibility
<u>Defined Benefit Component:</u>
VRS: Age 60 with at least five years (60 months) of creditable service.

Political subdivisions hazardous duty employees: Not applicable.

<u>Defined Contribution Component:</u>
Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td>
</tr>
<tr>
<td>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%.

<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.

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.</td>
<td>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%.

<u>Eligibility:</u>
Same as Plan 1.</td>
<td>Cost-of-Living Adjustment (COLA) in Retirement
<u>Defined Benefit Component:</u>
Same as Plan 2.

<u>Defined Contribution Component:</u>
Not applicable.

<u>Eligibility:</u>
Same as Plan 1 and Plan 2.</td>
</tr>
</table>

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) **Exceptions to COLA Effective Dates:** The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • 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.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement (Cont.)** **Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 15–Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**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.	**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. 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. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable.

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report-pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 15–Pension Plan: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	71	43
Inactive members:		
Vested inactive members	15	2
Non-vested inactive members	18	7
Inactive members active elsewhere in VRS	48	5
Total inactive members	81	14
Active members	111	45
Total covered employees	263	102

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 employer contribution rate for the year ended June 30, 2018 was 10.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were $556,442 and $508,504 for the years ended June 30, 2018 and June 30, 2017, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2018 was 4.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 $43,035 and $45,742 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net Pension Liability (Asset)

The County's and Component Unit School Board's (nonprofessional) net pension liability and (asset) were measured as of June 30, 2017. The total pension liabilities used to calculate the net pension liability and (asset) were determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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, 2016, 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, 2017.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all 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:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 15–Pension Plan: (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

All Others (Non 10 Largest) – Non- Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Note 15–Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all 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:

Largest 10 –Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

RP-20 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) –Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 15–Pension Plan: (Continued)

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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, 2019, 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, 2019 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.

Note 15–Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 20,635,411	$ 16,212,484	$ 4,422,927
Changes for the year:			
Service cost	$ 502,660	$ -	$ 502,660
Interest	1,409,855	-	1,409,855
Changes in assumptions	(31,974)	-	(31,974)
Differences between expected and actual experience	146,436	-	146,436
Contributions - employer	-	508,505	(508,505)
Contributions - employee	-	237,909	(237,909)
Net investment income	-	1,961,315	(1,961,315)
Benefit payments, including refunds of employee contributions	(989,263)	(989,263)	-
Administrative expenses	-	(11,310)	11,310
Other changes	-	(1,751)	1,751
Net changes	$ 1,037,714	$ 1,705,405	$ (667,691)
Balances at June 30, 2017	$ 21,673,125	$ 17,917,889	$ 3,755,236

Note 15–Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 5,054,897	$ 5,006,780	$ 48,117
Changes for the year:			
Service cost	$ 112,010	$ -	$ 112,010
Interest	344,429	-	344,429
Changes in assumptions	(48,095)	-	(48,095)
Differences between expected and actual experience	(2,596)	-	(2,596)
Contributions - employer	-	43,960	(43,960)
Contributions - employee	-	54,812	(54,812)
Net investment income	-	600,894	(600,894)
Benefit payments, including refunds of employee contributions	(268,970)	(268,970)	-
Administrative expenses	-	(3,561)	3,561
Other changes	-	(531)	531
Net changes	$ 136,778	$ 426,604	$ (289,826)
Balances at June 30, 2017	$ 5,191,675	$ 5,433,384	$ (241,709)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) 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		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
County Net Pension Liability	$ 6,758,500	$ 3,755,236	$ 1,273,060
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	$ 327,741	$ (241,709)	$ (726,022)

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, 2018, the County and Component Unit School Board (nonprofessional) recognized pension expense of $268,806 and ($197,666), respectively. At June 30, 2018, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 104,477	$ 286,546	$ -	$ 139,025
Changes in assumptions	-	22,812	-	30,216
Net difference between projected and actual earnings on pension plan investments	-	254,440	-	74,463
Employer contributions subsequent to the measurement date	556,442	-	43,035	-
Total	$ 660,919	$ 563,798	$ 43,035	$ 243,704

$556,442 and $43,035 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 ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2019	$ (289,291)	$ (195,887)
2020	(19,391)	1,669
2021	16,439	1,817
2022	(167,078)	(51,303)
Thereafter	-	-

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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Each School Division's contractually required employer contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were $1,544,432 and $1,360,944 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the school division reported a liability of $15,033,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion was .12224% as compared to .12449% at June 30, 2016.

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, 2018, the school division recognized pension expense of $562,000. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,064,000
Change in assumptions	219,000	-
Net difference between projected and actual earnings on pension plan investments	-	546,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,243,000
Employer contributions subsequent to the measurement date	1,544,432	-
Total	$ 1,763,432	$ 2,853,000

$1,544,432 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 ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2019	$ (1,138,000)
2020	(467,000)
2021	(369,000)
2022	(574,000)
2023	(86,000)

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, 2016, 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, 2017.

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all 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-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and femlaes.

Note 15–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2017, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	$	45,417,520
Plan Fiduciary Net Position		33,119,545
Employers' Net Pension Liability	$	12,297,975
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		72.92%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

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:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Asests	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each one of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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, 2019, 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, 2019 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.

Note 15–Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

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

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

	Rate		
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	$ 22,450,000	$ 15,033,000	$ 8,899,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans:

Group Life Insurance (GLI) Program (OPEB Plan):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • **Natural Death Benefit** - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County, Component Unit School Board (nonprofessional), and Component Unit School Board (professional) were $27,813 and $24,983, $5,844 and $5,920, and $48,411 and $50,324 for the years ended June 30, 2018 and June 30, 2017, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the County, Component Unit School Board (nonprofessional), and Component Unit School Board (professional) reported a liability of $393,000, $93,000, and $790,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the County's, Component Unit School Board (nonprofessional), and Component Unit School Board (professional) proportion was .02605%, .00617%, and .05247%, respectively as compared to .02518%, .00619%, and .05282% at June 30, 2016.

For the year ended June 30, 2018, the County, Component Unit School Board (nonprofessional), and Component Unit School Board (professional) recognized GLI OPEB expense of $6,000, $1,000, and $8,000, respectively. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB: (Continued)

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government		
Differences between expected and actual experience	$ -	$ 9,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	15,000
Change in assumptions	-	20,000
Changes in proportion	13,000	-
Employer contributions subsequent to the measurement date	27,813	-
Total	$ 40,813	$ 44,000
School Board - Nonprofessional		
Differences between expected and actual experience	$ -	$ 2,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,000
Change in assumptions	-	5,000
Changes in proportion	-	-
Employer contributions subsequent to the measurement date	5,844	-
Total	$ 5,844	$ 10,000
School Board - Professional		
Differences between expected and actual experience	$ -	$ 17,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	30,000
Change in assumptions	-	41,000
Changes in proportion	-	5,000
Employer contributions subsequent to the measurement date	48,411	-
Total	$ 48,411	$ 93,000

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

$27,813, $5,844, and $48,411 reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board (nonprofessional), and Component Unit School Board (professional)'s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	School Board (nonprofessional)	School Board (professional)
2019	$ (7,000)	$ (2,000)	$ (19,000)
2020	(7,000)	(2,000)	(19,000)
2021	(7,000)	(2,000)	(19,000)
2022	(7,000)	(2,000)	(19,000)
2023	(3,000)	(1,000)	(12,000)
Thereafter	-	(1,000)	(5,000)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% – 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all 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 OPEB liabilities.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – General State Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers

Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – SPORS Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – VaLORS Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

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

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates – Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Group Life Insurance (GLI) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	$	1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS

Eligible Employees

The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- **At Retirement** – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
- **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
  - $4.00 per month, multiplied by twice the amount of service credit, or
  - $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Health Insurance Credit Program Notes:

- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
- Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were $114,311 and $107,290 for the years ended June 30, 2018 and June 30, 2017, respectively.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2018, the school division reported a liability of $1,553,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was .12248% as compared to .12448% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $123,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee Health Insurance Credit Program OPEB: (Continued)

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	$ -	$ 3,000
Change in assumptions	-	16,000
Changes in proportionate share	-	22,000
Employer contributions subsequent to the measurement date	114,311	-
Total	$ 114,311	$ 41,000

$114,311 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30	
2019	$ (6,000)
2020	(6,000)
2021	(6,000)
2022	(6,000)
2023	(5,000)
Thereafter	(12,000)

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Teacher employees	3.5%-5.95%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all 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 OPEB liabilities.

Mortality Rates – Teachers

Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates – Teachers: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$	1,364,702
Plan Fiduciary Net Position		96,091
Teacher Employee net HIC OPEB Liability (Asset)	$	1,268,611
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		7.04%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI and Teacher Employee HIC OPEB liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB and by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's and Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI and Teacher Employee HIC OPEB liability.

Note 17–Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans: (Continued)

Sensitivity of the Employer's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net OPEB liability using the discount rate of 7.00%, as well as what the employer's proportionate share of the net OPEB 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		
Proportionate Share of GLI Program Net OPEB Liability	**1% Decrease (6.00%)**	**Current Discount (7.00%)**	**1% Increase (8.00%)**
Primary Government	$ 508,000	$ 393,000	$ 299,000
School Board (nonprofessional)	120,000	93,000	70,000
School Board (professional)	1,022,000	790,000	602,000

	Rate		
	1% Decrease (6.00%)	**Current Discount (7.00%)**	**1% Increase (8.00%)**
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	$ 1,734,000	$ 1,553,000	$ 1,400,000

Group Life Insurance and Teacher Health Insurance Credit Program Fiduciary Net Position

Detailed information about the Group Life Insurance and Teacher Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 18–Other Postemployment Benefits – Health Insurance Credit (HIC) Program:

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

<table>
<tr><th>POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS</th></tr>
<tr><td>Eligible Employees
The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.

Eligible employees of participating employers are enrolled automatically upon employment. They include:
Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.</td></tr>
<tr><td>Benefit Amounts
The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:
<u>At Retirement</u> – For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month.
<u>Disability Retirement</u>- For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.</td></tr>
<tr><td>Health Insurance Credit Program Notes:
The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
No health insurance credit for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans.
Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</td></tr>
</table>

Note 18–Other Postemployment Benefits – Health Insurance Credit (HIC) Program: (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	14
Inactive members:	
Vested inactive members	1
Total inactive members	15
Active members	45
Total covered employees	60

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The School Board's contractually required employer contribution rate for the year ended June 30, 2018 was .57% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the Health Insurance Credit Program were $6,354 and $6,446 for the years ended June 30, 2018 and June 30, 2017, respectively.

Net HIC OPEB Liability

The School Board's net Health Insurance Credit OPEB liability was measured as of June 30, 2017. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Note 18–Other Postemployment Benefits – Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
Locality - General employees	3.5%-5.35%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all 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 the OPEB liabilities.

Mortality Rates – Largest Ten Locality Employers – General Employees

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

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

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

Note 18–Other Postemployment Benefits – Health Insurance Credit (HIC) Program: (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 18–Other Postemployment Benefits – Health Insurance Credit (HIC) Program: (Continued)

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Note 18–Other Postemployment Benefits – Health Insurance Credit (HIC) Program: (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy 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, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2016	$ 115,760	$ 42,479	$ 73,281
Changes for the year:			
Service cost	$ 2,026	$ -	$ 2,026
Interest	7,906	-	7,906
Assumption changes	(3,475)	-	(3,475)
Contributions - employer	-	6,445	(6,445)
Net investment income	-	4,960	(4,960)
Benefit payments	(5,609)	(5,609)	-
Administrative expenses	-	(80)	80
Other changes	-	247	(247)
Net changes	$ 848	$ 5,963	$ (5,115)
Balances at June 30, 2017	$ 116,608	$ 48,442	$ 68,166

Note 18–Other Postemployment Benefits – Health Insurance Credit (HIC) Program: (Continued)

Sensitivity of the School Board's Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board's Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the School Board's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	1% Decrease (6.00%)	**Current Discount (7.00%)**	**1% Increase (8.00%)**
School Board's Net HIC OPEB Liability	$ 79,052	$ 68,166	$ 58,744

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2018, the School Board recognized Health Insurance Credit Program OPEB expense of $5,602. At June 30, 2018, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC OPEB plan investments	$ -	$ 1,561
Change in assumptions	-	2,711
Employer contributions subsequent to the measurement date	6,354	-
Total	$ 6,354	$ 4,272

Note 18–Other Postemployment Benefits – Health Insurance Credit (HIC) Program: (Continued)

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB: (Continued)

$6,354 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30		
2019	$	(1,154)
2020		(1,154)
2021		(1,154)
2022		(810)

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 19–Other Postemployment Benefits – Health Insurance and LODA:

Plan Description

In addition to the pension benefits described in Note 15 and other postemployment benefits described in Notes 17 and 18, the County and School Board provide post-retirement health care insurance benefits for employees who are eligible for retirement benefits. The plans do not issue a publicly available financial report. 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.

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.

Note 19–Other Postemployment Benefits – Health Insurance and LODA: (Continued)

Plan Membership

At July 1, 2018, the following employees were covered by the benefit terms:

	Primary Government	School Board
Total active employees with coverage	130	285
Total retirees with coverage	4	5
Total	134	290

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 plans are not currently pre-funded; therefore, no assets are accumulated in a trust fund. 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. The amount paid by the County and School Board for OPEB as the benefits came due during the year ended June 30, 2018 was $18,974 and $25,545, respectively.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2018. The total OPEB liability was determined by an actuarial valuation performed as of July 1, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Salary Increases	The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Discount Rate	3.50% as of June 30, 2017; 3.87% as of June 30, 2018

Note 19–Other Postemployment Benefits – Health Insurance and LODA: (Continued)

Actuarial Assumptions: (Continued)

Mortality rates for Active employees were based on RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. 25% of deaths are assumed to be service related. Mortality rates for healthy retirees RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85. Mortality rates for disabled retirees were based on RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates..

The date of the most recent actuarial experience study for which significant assumptions were based is not the four-year period ending June 30, 2016.

The Long-Term Expected Rate of Return on OPEB Plan investments is based on assumptions similar to yields implied by theoretical 20-year general obligation bond indices as of June 30, 2017 and June 30, 2018.

Discount Rate

The discount rates are based on the Bond Buyer 20-Year GO Bond Index as of their respective measurement dates. The final equivalent single discount rate used for this year’s valuation is 3.87% as of the end of the fiscal year.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	School Board Total OPEB Liability
Balances at June 30, 2017	$ 533,543	$ 493,026
Changes for the year:		
Service cost	32,003	37,648
Interest	19,465	18,131
Changes in assumptions	(20,338)	(11,594)
Benefit payments	(18,974)	(25,545)
Net changes	12,156	18,640
Balances at June 30, 2018	$ 545,699	$ 511,666

Note 19–Other Postemployment Benefits – Health Insurance and LODA: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current discount rate:

	Rate		
	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Primary Government	$ 602,695	$ 545,699	$ 494,953
School Board	542,933	511,666	480,607

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.90% decreasing to an ultimate rate of 3.20% - County and 7.40% decreasing to an ultimate rate of 3.10% - School Board) or one percentage point higher (6.90% decreasing to an ultimate rate of 5.20% - County and 9.40% decreasing to an ultimate rate of 5.10% - School Board) than the current healthcare cost trend rates (5.90% decreasing to an ultimate rate of 4.20% - County and 8.40% decreasing to an ultimate rate of 4.10% - School Board):

	Rates		
	1% Decrease	Healthcare Cost Trend	1% Increase
Primary Government	$ 474,068	$ 545,699	$ 631,821
School Board	452,006	511,666	581,389

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, the County and School Board recognized OPEB expense in the amount of $48,078 and $53,549, respectively. At June 30, 2018, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		School Board	
	Deferred Outflows of Resouces	Deferred Inflows of Resources	Deferred Outflows of Resouces	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 16,948	$ -	$ 9,364
Total	$ -	$ 16,948	$ -	$ 9,364

Note 19–Other Postemployment Benefits – Health Insurance and LODA: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	School Board
2019	$ (3,390)	$ (2,230)
2020	(3,390)	(2,230)
2021	(3,390)	(2,230)
2022	(3,390)	(2,230)
2023	(3,388)	(444)

Additional disclosures on changes in total OPEB liability and related ratios can be found in the required supplementary information following the notes to the financial statements.

Line of Duty Act (LODA)

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer.

The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2018 was $28,888.

Note 20–Surety Bond Information:

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

Note 21–Interfund Balances and Transfers:

Interfund balances and transfers for the year ended June 30, 2018, consisted of the following:

	Due To	Due From	Net
Primary Government:			
General Fund	$ -	$ 157,569	$ (157,569)
VPA Fund	126,512	-	126,512
Airport Fund	6,483	-	6,483
CSA Fund	24,574	-	24,574
Total Primary Government	$ 157,569	$ 157,569	$ -
Component Unit:			
IDA	$ 500,000	$ -	$ 500,000

	Transfers In	Transfers Out	Net
Primary Government:			
General Fund	$ 222,784	$ 2,085,612	$ (1,862,828)
VPA Fund	342,974	-	342,974
Debt Service Fund	624,960	-	624,960
Capital Projects Fund	875,505	222,784	652,721
Airport Fund	11,514	-	11,514
CSA Fund	230,659	-	230,659
Total Governmental Activities	$ 2,308,396	$ 2,308,396	$ -
Total Primary Government	$ 2,308,396	$ 2,308,396	$ -

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 22–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.

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 23–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 $633,625 reported as landfill postclosure care liability at June 30, 2018 represents the estimated remaining amount of postclosure monitoring costs required, including corrective action costs of $356,137 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 24–Adoption of Accounting Principles

The County implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the County implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

	Primary Government	Component Units	
	Governmental Activities	School Board	IDA
Net Position as reported at June 30, 2017	$ 12,176,109	$ (10,397,833)	$ 14,685,179
Implementation of GASB 75	(672,393)	(2,556,601)	(11,000)
Net Position as restated at June 30, 2017	$ 11,503,716	$ (12,954,434)	$ 14,674,179

Note 25–Subsequent Events

On November 14, 2018, the County closed on a $1,750,000 Tax-Exempt Financing Lease and a $2,015,000 Taxable Financing Lease at rates of 3.61% and 4.79%, respectively. The tax-exempt lease was used to refund 2012 debt and the taxable lease was used to fund projects, including the purchase of land in the amount of $1,346,750.

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, 2018

	Budgeted Amounts			Variance with Final Budget-
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
General property taxes	$ 14,142,500	$ 14,142,500	$ 15,335,217	$ 1,192,717
Other local taxes	1,475,000	1,475,000	1,702,794	227,794
Permits, privilege fees, and regulatory licenses	70,600	70,600	69,089	(1,511)
Fines and forfeitures	1,085,000	1,085,000	1,349,105	264,105
Revenue from the use of money and property	42,600	42,600	93,326	50,726
Charges for services	906,815	911,384	949,402	38,018
Miscellaneous	30,000	30,000	93,263	63,263
Recovered costs	290,345	290,345	319,916	29,571
Intergovernmental:				
Commonwealth	4,088,730	4,117,069	4,139,883	22,814
Federal	56,550	56,550	99,790	43,240
Total revenues	$ 22,188,140	$ 22,221,048	$ 24,151,785	$ 1,930,737
EXPENDITURES				
Current:				
General government administration	$ 1,833,255	$ 1,864,360	$ 1,821,500	$ 42,860
Judicial administration	1,657,370	1,657,370	1,585,807	71,563
Public safety	7,651,392	8,031,086	7,868,156	162,930
Public works	1,732,050	1,758,695	1,729,215	29,480
Health and welfare	193,595	193,595	208,271	(14,676)
Education	5,503,535	5,720,129	5,465,025	255,104
Parks, recreation, and cultural	337,156	347,156	255,023	92,133
Community development	598,722	598,722	470,141	128,581
Capital projects	7,500	7,500	7,500	-
Debt service:				
Principal retirement	341,736	341,736	341,736	-
Interest and other fiscal charges	270,063	270,063	259,326	10,737
Total expenditures	$ 20,126,374	$ 20,790,412	$ 20,011,700	$ 778,712
Excess (deficiency) of revenues over (under) expenditures	$ 2,061,766	$ 1,430,636	$ 4,140,085	$ 2,709,449
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ 222,784	$ 222,784	$ -
Transfers out	(2,133,553)	(2,613,273)	(2,085,612)	527,661
Total other financing sources (uses)	$ (2,133,553)	$ (2,390,489)	$ (1,862,828)	$ 527,661
Net change in fund balances	$ (71,787)	$ (959,853)	$ 2,277,257	$ 3,237,110
Fund balances - beginning	-	888,065	14,221,830	13,333,765
Fund balances - ending	$ (71,787)	$ (71,788)	$ 16,499,087	$ 16,570,875

Virginia Public Assistance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Miscellaneous	$ -	$ -	$ 1,439	$ 1,439
Intergovernmental:				
Commonwealth	670,320	670,320	580,278	(90,042)
Federal	1,009,692	1,009,692	1,100,816	91,124
Total revenues	$ 1,680,012	$ 1,680,012	$ 1,682,533	$ 2,521
EXPENDITURES				
Current:				
Health and welfare	$ 2,156,462	$ 2,156,462	$ 2,025,507	$ 130,955
Total expenditures	$ 2,156,462	$ 2,156,462	$ 2,025,507	$ 130,955
Excess (deficiency) of revenues over (under) expenditures	$ (476,450)	$ (476,450)	$ (342,974)	$ 133,476
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 476,450	$ 476,450	$ 342,974	$ (133,476)
Total other financing sources (uses)	$ 476,450	$ 476,450	$ 342,974	$ (133,476)
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 502,660	$ 484,174	$ 473,347	$ 467,394
Interest	1,409,855	1,386,660	1,328,062	1,269,942
Changes in assumptions	(31,974)	-	-	-
Differences between expected and actual experience	146,436	(562,777)	(69,392)	-
Benefit payments, including refunds of employee contributions	(989,263)	(964,149)	(825,649)	(988,461)
Net change in total pension liability	$ 1,037,714	$ 343,908	$ 906,368	$ 748,875
Total pension liability - beginning	20,635,411	20,291,503	19,385,135	18,636,260
Total pension liability - ending (a)	$ 21,673,125	$ 20,635,411	$ 20,291,503	$ 19,385,135
Plan fiduciary net position				
Contributions - employer	$ 508,505	$ 618,450	$ 584,255	$ 589,542
Contributions - employee	237,909	229,606	212,328	225,352
Net investment income	1,961,325	282,280	706,070	2,117,435
Benefit payments, including refunds of employee contributions	(989,263)	(964,149)	(825,649)	(988,461)
Administrative expense	(11,310)	(9,895)	(9,546)	(11,445)
Other	(1,751)	(118)	(148)	111
Net change in plan fiduciary net position	$ 1,705,415	$ 156,174	$ 667,310	$ 1,932,534
Plan fiduciary net position - beginning	16,212,484	16,056,310	15,389,000	13,456,466
Plan fiduciary net position - ending (b)	$ 17,917,899	$ 16,212,484	$ 16,056,310	$ 15,389,000
County's net pension liability - ending (a) - (b)	$ 3,755,226	$ 4,422,927	$ 4,235,193	$ 3,996,135
Plan fiduciary net position as a percentage of the total pension liability	82.67%	78.57%	79.13%	79.39%
Covered payroll	$ 4,804,488	$ 4,525,045	$ 4,266,100	$ 4,238,853
County's net pension liability as a percentage of covered payroll	78.16%	97.74%	99.28%	94.27%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Years Ended June 30, 2015 through June 30, 2018

	2017	2016	2015	2014
Total pension liability				
Service cost	$ 112,010	$ 114,274	$ 125,267	$ 126,969
Interest	344,429	355,957	360,097	345,287
Changes in assumptions	(48,095)	-	-	-
Differences between expected and actual experience	(2,596)	(339,911)	(256,496)	-
Benefit payments, including refunds of employee contributions	(268,970)	(321,035)	(254,997)	(266,377)
Net change in total pension liability	$ 136,778	$ (190,715)	$ (26,129)	$ 205,879
Total pension liability - beginning	5,054,897	5,245,612	5,271,741	5,065,862
Total pension liability - ending (a)	$ 5,191,675	$ 5,054,897	$ 5,245,612	$ 5,271,741
Plan fiduciary net position				
Contributions - employer	$ 43,960	$ 98,666	$ 99,529	$ 107,370
Contributions - employee	54,812	54,489	55,202	58,609
Net investment income	600,894	84,919	225,262	684,923
Benefit payments, including refunds of employee contributions	(268,970)	(321,035)	(254,997)	(266,377)
Administrative expense	(3,561)	(3,216)	(3,139)	(3,744)
Other	(531)	(37)	(46)	36
Net change in plan fiduciary net position	$ 426,604	$ (86,214)	$ 121,811	$ 580,817
Plan fiduciary net position - beginning	5,006,780	5,092,994	4,971,183	4,390,366
Plan fiduciary net position - ending (b)	$ 5,433,384	$ 5,006,780	$ 5,092,994	$ 4,971,183
School Division's net pension liability (asset) - ending (a) - (b)	$ (241,709)	$ 48,117	$ 152,618	$ 300,558
Plan fiduciary net position as a percentage of the total pension liability	104.66%	99.05%	97.09%	94.30%
Covered payroll	$ 1,130,833	$ 1,112,779	$ 1,116,354	$ 1,172,159
School Division's net pension liability (asset) as a percentage of covered payroll	-21.37%	4.32%	13.67%	25.64%

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

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Years Ended June 30, 2015 through June 30, 2018

	2017	**2016**	**2015**	**2014**
Employer's Proportion of the Net Pension Liability	0.12224%	0.12449%	0.12561%	0.13337%
Employer's Proportionate Share of the Net Pension Liability	$ 15,033,000	$ 17,447,000	$ 15,810,000	$ 16,117,000
Employer's Covered Payroll	9,655,949	9,490,744	9,590,362	9,752,607
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	155.69%	183.83%	164.85%	165.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

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

Schedule of Employer Contributions - VRS Pension Plans
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	$ 556,442	$ 556,442	$ -	$ 5,308,791	10.48%
2017	508,504	508,504	-	4,804,488	10.58%
2016	623,099	623,099	-	4,525,045	13.77%
2015	587,442	587,442	-	4,266,100	13.77%
2014	589,624	589,624	-	4,238,853	13.91%
2013	574,087	574,087	-	4,127,150	13.91%
2012	508,923	508,923	-	4,276,665	11.90%
2011	515,241	515,241	-	4,329,754	11.90%
2010	441,850	441,850	-	4,269,085	10.35%
2009	450,223	450,223	-	4,349,976	10.35%
Component Unit School Board (nonprofessional)					
2018	$ 43,035	$ 43,035	$ -	$ 1,114,681	3.86%
2017	45,742	45,742	-	1,130,833	4.04%
2016	99,816	99,816	-	1,112,779	8.97%
2015	100,137	100,137	-	1,116,354	8.97%
2014	107,369	107,369	-	1,172,158	9.16%
2013	110,096	110,096	-	1,201,924	9.16%
2012	70,493	70,493	-	1,157,512	6.09%
2011	73,142	73,142	-	1,201,012	6.09%
2010	93,974	93,974	-	1,246,340	7.54%
2009	96,274	96,274	-	1,276,839	7.54%
Component Unit School Board (professional)					
2018	$ 1,544,432	$ 1,544,432	$ -	$ 9,303,038	16.60%
2017	1,360,944	1,360,944	-	9,655,949	14.09%
2016	1,145,347	1,145,347	-	9,490,744	12.07%
2015	1,349,364	1,349,364	-	9,590,362	14.07%
2014	1,137,154	1,137,154	-	9,752,607	11.66%
2013	1,271,202	1,271,202	-	10,902,247	11.66%
2012	640,889	640,889	-	10,124,629	6.33%
2011	404,330	404,330	-	10,288,295	8.81%
2010	701,747	701,747	-	10,573,775	6.64%
2009	976,571	976,571	-	11,084,797	8.81%

Notes to Required Supplementary Information
VRS Pension Plans
For the Year Ended June 30, 2018

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 is not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Largest 10 – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Increased rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Schedule of County's and School Board's Share of Net OPEB Liability
VRS Cost-Sharing OPEB Plans
For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Group Life Insurance Program					
Primary Government					
2017	0.02605%	$ 393,000	$ 4,804,488	8.18%	48.86%
Component Unit School Board (nonprofessional)					
2017	0.00617%	$ 93,000	$ 1,138,466	8.17%	48.86%
Component Unit School Board (professional)					
2017	0.05247%	$ 790,000	$ 9,677,754	8.16%	48.86%
Teacher Health Insurance Credit Program					
Component Unit School Board (professional)					
2017	0.12248%	$ 1,553,000	$ 9,665,747	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit Program (HIC)
For the Year Ended June 30, 2018

		2017
Total HIC OPEB Liability		
Service cost	$	2,026
Interest		7,906
Changes in assumptions		(3,475)
Benefit payments		(5,609)
Net change in total HIC OPEB liability	$	848
Total HIC OPEB Liability - beginning		115,760
Total HIC OPEB Liability - ending (a)	$	116,608
Plan fiduciary net position		
Contributions - employer	$	6,445
Net investment income		4,960
Benefit payments		(5,609)
Administrative expense		(80)
Other		247
Net change in plan fiduciary net position	$	5,963
Plan fiduciary net position - beginning		42,479
Plan fiduciary net position - ending (b)	$	48,442
School Board's net HIC OPEB liability - ending (a) - (b)	$	68,166
Plan fiduciary net position as a percentage of the total HIC OPEB liability		41.54%
Covered payroll	$	1,130,833
School Board's net HIC OPEB liability as a percentage of covered payroll		6.03%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
VRS OPEB Plan - Group Life Insurance Program
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2018	$ 27,813	$ 27,813	$ -	$ 5,348,681	0.52%
2017	24,983	24,983	-	4,804,488	0.52%
2016	21,720	21,720	-	4,525,045	0.48%
2015	20,477	20,477	-	4,266,100	0.48%
2014	20,346	20,346	-	4,238,853	0.48%
2013	19,810	19,810	-	4,127,150	0.48%
2012	11,987	11,987	-	4,280,915	0.28%
2011	12,129	12,129	-	4,331,879	0.28%
2010	8,663	8,663	-	4,278,510	0.20%
2009	11,770	11,770	-	4,359,432	0.27%
Component Unit School Board (nonprofessional)					
2018	$ 5,844	$ 5,844	$ -	$ 1,123,835	0.52%
2017	5,920	5,920	-	1,138,466	0.52%
2016	5,341	5,341	-	1,112,779	0.48%
2015	5,358	5,358	-	1,116,354	0.48%
2014	5,626	5,626	-	1,172,158	0.48%
2013	5,769	5,769	-	1,201,924	0.48%
2012	3,241	3,241	-	1,157,512	0.28%
2011	3,363	3,363	-	1,201,012	0.28%
2010	2,540	2,540	-	1,246,340	0.20%
2009	3,452	3,452	-	1,278,621	0.27%
Component Unit School Board (professional)					
2018	$ 48,411	$ 48,411	$ -	$ 9,309,849	0.52%
2017	50,324	50,324	-	9,677,754	0.52%
2016	45,560	45,560	-	9,491,607	0.48%
2015	44,828	44,828	-	9,339,184	0.48%
2014	46,815	46,815	-	9,753,088	0.48%
2013	49,647	49,647	-	10,343,034	0.48%
2012	28,646	28,646	-	10,230,896	0.28%
2011	28,910	28,910	-	10,325,185	0.28%
2010	21,539	21,539	-	10,603,601	0.20%
2009	29,948	29,948	-	11,092,136	0.27%

Schedule of Employer Contributions
VRS OPEB Plan - Health Insurance Credit Program
For the Years Ended June 30, 2009 through June 30, 2018

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Component Unit School Board (nonprofessional)					
2018	$ 6,354	$ 6,354	$ -	$ 1,114,681	0.57%
2017	6,446	6,446	-	1,130,833	0.57%
2016	5,898	5,898	-	1,112,779	0.53%
2015	5,917	5,917	-	1,116,354	0.53%
2014	7,150	7,150	-	1,172,158	0.61%
2013	7,301	7,301	-	1,196,912	0.61%
2012	7,623	7,623	-	1,154,974	0.66%
2011	7,927	7,927	-	1,201,012	0.66%
2010	12,962	12,962	-	1,246,340	1.04%
2009	13,279	13,279	-	1,276,839	1.04%
Component Unit School Board (professional)					
2018	$ 114,311	$ 114,311	$ -	$ 9,293,614	1.23%
2017	107,290	107,290	-	9,665,747	1.11%
2016	100,611	100,611	-	9,491,607	1.06%
2015	98,995	98,995	-	9,339,184	1.06%
2014	108,259	108,259	-	9,753,088	1.11%
2013	113,366	113,366	-	10,213,129	1.11%
2012	60,748	60,748	-	10,124,628	0.60%
2011	61,730	61,730	-	10,288,306	0.60%
2010	82,901	82,901	-	10,579,724	0.78%
2009	119,716	119,716	-	11,084,797	1.08%

Notes to Required Supplementary Information
VRS OPEB Plan - Group Life Insurance Program
For the Year Ended June 30, 2018

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

Notes to Required Supplementary Information
VRS OPEB Plan - Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

Notes to Required Supplementary Information
VRS OPEB Plans - Health Insurance Credit (HIC) and Teacher Health Insurance Credit (HIC) Programs
For the Year Ended June 30, 2018

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Component Unit School Board - Professional Employees (Teacher HIC)

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
Primary Government and Component Unit School Board
For the Year Ended June 30, 2018

Primary Government

		2018
Total OPEB liability		
Service cost	$	32,003
Interest		19,465
Changes in assumptions		(20,338)
Benefit payments		(18,974)
Net change in total OPEB liability	$	12,156
Total OPEB liability - beginning		533,543
Total OPEB liability - ending	$	545,699
Covered payroll	$	5,528,661
County's total OPEB liability (asset) as a percentage of covered payroll		9.87%

Component Unit School Board (nonprofessional)

		2018
Total OPEB liability		
Service cost	$	37,648
Interest		18,131
Changes in assumptions		(11,594)
Benefit payments		(25,545)
Net change in total OPEB liability	$	18,640
Total OPEB liability - beginning		493,026
Total OPEB liability - ending	$	511,666
Covered payroll	$	9,884,512
School Board's total OPEB liability (asset) as a percentage of covered payroll		5.18%

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

Notes to Required Supplementary Information - County and School Board OPEB
For the Year Ended June 30, 2018

Valuation Date: 7/1/2017
Measurement Date: 6/30/2018

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

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.50% as of June 30, 2017; 3.87% as of June 30, 2018
Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Healthcare Trend Rate (County)	The healthcare trend rate assumption starts at 5.90% in 2018 and gradually declines to 4.20% by the year 2088
Healthcare Trend Rate (School Board)	The healthcare trend rate assumption starts at 8.40% in 2018 and gradually declines to 4.10% by the year 2074
Salary Increase Rates	The salary increase rate starts at 5.35% salary increase for 1 year of service and gradually declines to 3.50% salary increase for 20 or more years of service
Retirement Age	The average age at retirement is 62
Mortality Rates	The mortality rates for active and healthy retirees were calculated using the RP-2014 Employee Rates projected with Scale BB to 2020. The mortality rates for disabled retirees were calculated using the RP-2014 Disabled Mortality Rates projected with Scale BB to 2020.

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, 2018

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget - Positive (Negative)**
REVENUES				
Revenue from the use of money and property	$ 3,500	$ 3,500	$ 52,509	$ 49,009
Intergovernmental:				
Federal	60,538	60,538	60,733	195
Total revenues	$ 64,038	$ 64,038	$ 113,242	$ 49,204
EXPENDITURES				
Debt service:				
Principal retirement	$ 624,060	$ 624,060	$ 488,826	$ 135,234
Interest and other fiscal charges	242,562	242,562	304,690	(62,128)
Total expenditures	$ 866,622	$ 866,622	$ 793,516	$ 73,106
Excess (deficiency) of revenues over (under) expenditures	$ (802,584)	$ (802,584)	$ (680,274)	$ 122,310
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 624,960	$ 624,960	$ 624,960	$ -
Total other financing sources (uses)	$ 624,960	$ 624,960	$ 624,960	$ -
Net change in fund balances	$ (177,624)	$ (177,624)	$ (55,314)	$ 122,310
Fund balances - beginning	-	-	1,648,533	1,648,533
Fund balances - ending	$ (177,624)	$ (177,624)	$ 1,593,219	$ 1,770,843

Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	County Capital Improvements Fund			
	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
Revenue from the use of money and property	$ -	$ -	$ 14,225	$ 14,225
Intergovernmental:				
Commonwealth	-	-	16,327	16,327
Federal	702,400	883,630	553,337	(330,293)
Total revenues	$ 702,400	$ 883,630	$ 583,889	$ (299,741)
EXPENDITURES				
Capital projects	$ 1,452,600	$ 2,480,259	$ 1,520,506	$ 959,753
Debt service:				
Issuance costs	-	54,859	54,858	1
Total expenditures	$ 1,452,600	$ 2,535,118	$ 1,575,364	$ 959,754
Excess (deficiency) of revenues over (under) expenditures	$ (750,200)	$ (1,651,488)	$ (991,475)	$ 660,013
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 750,000	$ 1,208,090	$ 875,505	$ (332,585)
Transfers out	-	(222,784)	(222,784)	-
Issuance of capital leases	-	382,359	2,150,000	1,767,641
Total other financing sources (uses)	$ 750,000	$ 1,367,665	$ 2,802,721	$ 1,435,056
Net change in fund balances	$ (200)	$ (283,823)	$ 1,811,246	$ 2,095,069
Fund balances - beginning	-	283,623	236,250	(47,373)
Fund balances - ending	$ (200)	$ (200)	$ 2,047,496	$ 2,047,696

Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Airport Fund	CSA Fund	Total
ASSETS			
Receivables (net of allowance for uncollectibles):			
Accounts receivable	$ 7,715	$ -	$ 7,715
Due from other governmental units	831	95,308	96,139
Inventories	3,376	-	3,376
Total assets	$ 11,922	$ 95,308	$ 107,230
LIABILITIES			
Accounts payable	$ 2,701	$ 70,734	$ 73,435
Due to other funds	6,483	24,574	31,057
Total liabilities	$ 9,184	$ 95,308	$ 104,492
FUND BALANCES			
Nonspendable:			
Inventories	$ 3,376	$ -	$ 3,376
Unassigned:			
Airport	(638)	-	(638)
Total fund balances	$ 2,738	$ -	$ 2,738
Total liabilities and fund balances	$ 11,922	$ 95,308	$ 107,230

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	Airport Fund	CSA Fund	Total
REVENUES			
Revenue from the use of money and property	$ 3,600	$ -	$ 3,600
Charges for services	1,770	-	1,770
Miscellaneous	-	436	436
Recovered costs	7,565	-	7,565
Intergovernmental:			
Commonwealth	8,550	540,651	549,201
Federal	-	10,858	10,858
Total revenues	$ 21,485	$ 551,945	$ 573,430
EXPENDITURES			
Current:			
Public works	$ 34,686	$ -	$ 34,686
Health and welfare	-	791,734	791,734
Total expenditures	$ 34,686	$ 791,734	$ 826,420
Excess (deficiency) of revenues over (under) expenditures	$ (13,201)	$ (239,789)	$ (252,990)
OTHER FINANCING SOURCES (USES)			
Transfers in	$ 11,514	$ 230,659	$ 242,173
Total other financing sources (uses)	$ 11,514	$ 230,659	$ 242,173
Net change in fund balances	$ (1,687)	$ (9,130)	$ (10,817)
Fund balances - beginning	4,425	9,130	13,555
Fund balances - ending	$ 2,738	$ -	$ 2,738

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, 2018

	Airport Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 2,500	$ 2,500	$ 3,600	$ 1,100
Charges for services	10,000	10,000	1,770	(8,230)
Miscellaneous	-	-	-	-
Recovered costs	12,796	12,796	7,565	(5,231)
Intergovernmental:				
Commonwealth	13,400	13,400	8,550	(4,850)
Federal	-	-	-	-
Total revenues	$ 38,696	$ 38,696	$ 21,485	$ (17,211)
EXPENDITURES				
Current:				
Public works	$ 67,789	$ 67,789	$ 34,686	$ 33,103
Health and welfare	-	-	-	-
Total expenditures	$ 67,789	$ 67,789	$ 34,686	$ 33,103
Excess (deficiency) of revenues over (under) expenditures	$ (29,093)	$ (29,093)	$ (13,201)	$ 15,892
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 29,093	$ 29,093	$ 11,514	$ (17,579)
Total other financing sources (uses)	$ 29,093	$ 29,093	$ 11,514	$ (17,579)
Net change in fund balances	$ -	$ -	$ (1,687)	$ (1,687)
Fund balances - beginning	-	-	4,425	4,425
Fund balances - ending	$ -	$ -	$ 2,738	$ 2,738

Exhibit 27

CSA Fund			
Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)
$ -	$ -	$ -	$ -
-	-	-	-
300	300	436	136
-	-	-	-
621,150	621,150	540,651	(80,499)
13,500	13,500	10,858	(2,642)
$ 634,950	$ 634,950	$ 551,945	$ (83,005)
$ -	$ -	$ -	$ -
888,000	888,000	791,734	96,266
$ 888,000	$ 888,000	$ 791,734	$ 96,266
$ (253,050)	$ (253,050)	$ (239,789)	$ 13,261
$ 253,050	$ 253,050	$ 230,659	$ (22,391)
$ 253,050	$ 253,050	$ 230,659	$ (22,391)
$ -	$ -	$ (9,130)	$ (9,130)
-	-	9,130	9,130
$ -	$ -	$ -	$ -

Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Agency Funds			
	Special Welfare Fund	Sheriff Funds	Bond Escrow Fund	Total
ASSETS				
Cash and cash equivalents	$ 1,334	$ 8,461	$ 22,755	$ 32,550
Total assets	$ 1,334	$ 8,461	$ 22,755	$ 32,550
LIABILITIES				
Amounts held for social services clients	$ 1,334	$ -	$ -	$ 1,334
Amounts held for others	-	8,461	-	8,461
Escrow deposits payable	-	-	22,755	22,755
Total liabilities	$ 1,334	$ 8,461	$ 22,755	$ 32,550

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
SPECIAL WELFARE FUND:				
Assets				
Cash and cash equivalents	$ 652	$ 7,678	$ 6,996	$ 1,334
Liabilities				
Amounts held for social services clients	$ 652	$ 7,678	$ 6,996	$ 1,334
SHERIFF FUNDS:				
Assets				
Cash and cash equivalents	$ 7,349	$ 31,961	$ 30,849	$ 8,461
Liabilities				
Amounts held for others	$ 7,349	$ 31,961	$ 30,849	$ 8,461
BOND ESCROW FUND:				
Assets				
Cash and cash equivalents	$ 22,755	$ -	$ -	$ 22,755
Liabilities				
Escrow deposits payable	$ 22,755	$ -	$ -	$ 22,755
UNDISTRIBUTED LOCAL SALES TAX FUND:				
Assets				
Due from other governmental units	$ -	$ 937,271	$ 937,271	$ -
Liabilities				
Due to other funds	$ -	$ 937,271	$ 937,271	$ -
TOTALS - ALL AGENCY FUNDS:				
Assets				
Cash and cash equivalents	$ 30,756	$ 39,639	$ 37,845	$ 32,550
Due from other governmental units	-	937,271	937,271	-
Total assets	$ 30,756	$ 976,910	$ 975,116	$ 32,550
Liabilities				
Due to other funds	$ -	$ 937,271	$ 937,271	$ -
Amounts held for social services clients	652	7,678	6,996	1,334
Amounts held for others	7,349	31,961	30,849	8,461
Escrow deposits payable	22,755	-	-	22,755
Total liabilities	$ 30,756	$ 976,910	$ 975,116	$ 32,550

Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2018

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 142,630	$ 594,894	$ 737,524
Receivables (net of allowance for uncollectibles):			
Accounts receivable	5,413	9,840	15,253
Due from other governmental units	1,014,091	19,107	1,033,198
Total assets	$ 1,162,134	$ 623,841	$ 1,785,975
LIABILITIES			
Accounts payable	$ 285,796	$ 19,531	$ 305,327
Accrued liabilities	875,838	21,094	896,932
Total liabilities	$ 1,161,634	$ 40,625	$ 1,202,259
FUND BALANCES			
Committed:			
Cafeteria operations	$ -	$ 583,216	$ 583,216
Unassigned:			
School operations	500	-	500
Total fund balances	$ 500	$ 583,216	$ 583,716
Total liabilities and fund balances	$ 1,162,134	$ 623,841	$ 1,785,975

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balances per above		$ 583,716
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	$ 25,822	
Buildings and improvements	6,708,758	
Machinery, equipment, and vehicles	1,025,503	7,760,083
The net pension asset is not available to pay for current-period expenditures. and, therefore, is not reported in the funds.		241,709
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	$ 1,806,467	
OPEB related items	174,920	1,981,387
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital lease	$ (312,585)	
Compensated absences	(552,922)	
Net pension liability	(15,033,000)	
Net OPEB liabilities	(3,015,832)	
Accrued interest payable	(69,770)	(18,984,109)
Deferred inflows of resources are not due and payable in the current period and, expenditures and, therefore, are not reported in the funds.		
Pension related items	$ (3,096,704)	
OPEB related items	(157,636)	(3,254,340)
Net position (deficit) of governmental activities		$ (11,671,554)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2018

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	$ 1,600	$ -	$ 1,600
Charges for services	-	176,314	176,314
Miscellaneous	204,959	11,395	216,354
Intergovernmental:			
Local government	5,400,675	-	5,400,675
Commonwealth	13,275,583	15,039	13,290,622
Federal	2,299,734	1,033,941	3,333,675
Total revenues	$ 21,182,551	$ 1,236,689	$ 22,419,240
EXPENDITURES			
Current:			
Education	$ 20,489,087	$ 1,236,101	$ 21,725,188
Capital projects	1,006,049	-	1,006,049
Debt service:			
Principal retirement	81,615	-	81,615
Total expenditures	$ 21,576,751	$ 1,236,101	$ 22,812,852
Excess (deficiency) of revenues over (under) expenditures	$ (394,200)	$ 588	$ (393,612)
OTHER FINANCING SOURCES (USES)			
Issuance of capital leases	$ 394,200	$ -	$ 394,200
Total other financing sources (uses)	$ 394,200	$ -	$ 394,200
Net change in fund balances	$ -	$ 588	$ 588
Fund balances - beginning	500	582,628	583,128
Fund balances - ending	$ 500	$ 583,216	$ 583,716

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		$ 588
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	$ 635,749	
Depreciation	(425,527)	
Adjustment for jointly owned assets	458,726	
Depreciation adjustment for jointly owned assets	(254,342)	414,606
The issuance of leases provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of capital lease	$ (394,200)	
Payment of principal	81,615	(312,585)
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	$ (12,145)	
Pension expense	1,253,407	
OPEB expense	8,779	
Accrued interest payable	(69,770)	1,180,271
Change in net position of governmental activities		$ 1,282,880

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, 2018

	School Operating Fund			
	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Revenue from the use of money and property	$ 1,000	$ 1,000	$ 1,600	$ 600
Charges for services	-	-	-	-
Miscellaneous	287,000	287,000	204,959	(82,041)
Intergovernmental:				
Local government	5,439,185	5,655,779	5,400,675	(255,104)
Commonwealth	13,413,400	13,468,739	13,275,583	(193,156)
Federal	2,234,862	2,569,746	2,299,734	(270,012)
Total revenues	$ 21,375,447	$ 21,982,264	$ 21,182,551	$ (799,713)
EXPENDITURES				
Current:				
Education	$ 20,495,505	$ 21,370,464	$ 20,489,087	$ 881,377
Capital projects	879,942	1,006,049	1,006,049	-
Debt service:				
Principal retirement	-	-	81,615	(81,615)
Total expenditures	$ 21,375,447	$ 22,376,513	$ 21,576,751	$ 799,762
Excess (deficiency) of revenues over (under) expenditures	$ -	$ (394,249)	$ (394,200)	$ 49
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	$ -	$ 394,249	$ 394,200	$ (49)
Total other financing sources (uses)	$ -	$ 394,249	$ 394,200	$ (49)
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning	-	-	500	500
Fund balances - ending	$ -	$ -	$ 500	$ 500

School Cafeteria Fund

Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
$ -	$ -	$ -	$ -
384,200	384,200	176,314	(207,886)
-	-	11,395	11,395
-	-	-	-
13,440	13,440	15,039	1,599
820,000	820,000	1,033,941	213,941
$ 1,217,640	$ 1,217,640	$ 1,236,689	$ 19,049
$ 1,217,640	$ 1,217,640	$ 1,236,101	$ (18,461)
-	-	-	-
-	-	-	-
$ 1,217,640	$ 1,217,640	$ 1,236,101	$ (18,461)
$ -	$ -	$ 588	$ 588
$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -
$ -	$ -	$ 588	$ 588
-	-	582,628	582,628
$ -	$ -	$ 583,216	$ 583,216

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Supporting Schedules

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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	$ 6,545,000	$ 6,545,000	$ 6,781,967	$ 236,967
Real and personal public service corporation taxes	4,715,000	4,715,000	4,892,626	177,626
Personal property taxes	2,229,000	2,229,000	2,746,670	517,670
Mobile home taxes	38,500	38,500	46,447	7,947
Machinery and tools taxes	480,000	480,000	647,832	167,832
Merchants capital taxes	-	-	451	451
Penalties	90,000	90,000	140,789	50,789
Interest	45,000	45,000	78,435	33,435
Total general property taxes	$ 14,142,500	$ 14,142,500	$ 15,335,217	$ 1,192,717
Other local taxes:				
Local sales and use taxes	$ 725,000	$ 725,000	$ 922,940	$ 197,940
Consumers' utility taxes	255,000	255,000	256,823	1,823
Bank stock taxes	15,000	15,000	12,917	(2,083)
Franchise license taxes	30,000	30,000	21,329	(8,671)
Motor vehicle licenses	335,000	335,000	290,013	(44,987)
Taxes on recordation and wills	55,000	55,000	140,595	85,595
Utility consumption taxes	45,000	45,000	46,355	1,355
Hotel and motel room taxes	15,000	15,000	11,822	(3,178)
Total other local taxes	$ 1,475,000	$ 1,475,000	$ 1,702,794	$ 227,794
Permits, privilege fees, and regulatory licenses:				
Animal licenses	$ 24,000	$ 24,000	$ 20,082	$ (3,918)
Zoning application fees	6,000	6,000	7,485	1,485
Transfer fees	600	600	673	73
Permits and other licenses	40,000	40,000	40,849	849
Total permits, privilege fees, and regulatory licenses	$ 70,600	$ 70,600	$ 69,089	$ (1,511)
Fines and forfeitures:				
Court fines and forfeitures	$ 1,085,000	$ 1,085,000	$ 1,339,352	$ 254,352
Interest on court fines and forfeitures	-	-	9,536	9,536
Dog violation fines	-	-	217	217
Total fines and forfeitures	$ 1,085,000	$ 1,085,000	$ 1,349,105	$ 264,105
Revenue from use of money and property:				
Revenue from use of money	$ 20,000	$ 20,000	$ 67,551	$ 47,551
Revenue from use of property	22,600	22,600	25,775	3,175
Total revenue from use of money and property	$ 42,600	$ 42,600	$ 93,326	$ 50,726
Charges for services:				
Charges for law enforcement and traffic control	$ 1,000	$ 1,000	$ 990	$ (10)
Charges for courthouse maintenance	29,000	33,569	36,999	3,430
Charges for court costs	185,000	185,000	194,160	9,160
Charges for court costs - electronic summons fee	104,065	104,065	93,702	(10,363)
Law library fees	2,000	2,000	1,349	(651)
Charges for Commonwealth's Attorney	2,500	2,500	3,784	1,284

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 5,577	$ (423)
Animal shelter fees	250	250	175	(75)
Charges for sanitation and waste removal	115,000	115,000	144,716	29,716
Charges for landfill host fees	200,000	200,000	303,520	103,520
Charges for planning and community development	2,000	2,000	1,379	(621)
Charges for emergency transport	260,000	260,000	163,051	(96,949)
Total charges for services	$ 906,815	$ 911,384	$ 949,402	$ 38,018
	-			
Miscellaneous:				
Miscellaneous	$ 30,000	$ 30,000	$ 93,263	$ 63,263
Total miscellaneous	$ 30,000	$ 30,000	$ 93,263	$ 63,263
Recovered costs:				
Landfill inspection fees	$ 140,000	$ 140,000	$ 173,400	$ 33,400
Tax bills - Lawrenceville	2,000	2,000	2,064	64
School resource officer	96,345	96,345	96,345	-
Clerk of Circuit Court copy cost reimbursement	2,000	2,000	1,642	(358)
Sheriff contracted security	50,000	50,000	22,100	(27,900)
Insurance recovery	-	-	17,040	17,040
Interest reimbursement	-	-	7,325	7,325
Total recovered costs	$ 290,345	$ 290,345	$ 319,916	$ 29,571
Total revenue from local sources	$ 18,042,860	$ 18,047,429	$ 19,912,112	$ 1,864,683
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Grantor's tax	$ 20,000	$ 20,000	$ 43,657	$ 23,657
Mobile home titling tax	30,000	30,000	48,342	18,342
Rolling stock tax	5,000	5,000	4,347	(653)
Motor vehicle rental tax	-	-	95	95
Motor vehicle carrier's tax	-	-	842	842
State recordation tax	25,000	25,000	55,118	30,118
Personal property tax relief funds	1,355,735	1,355,735	1,355,736	1
Communication taxes	425,000	425,000	382,822	(42,178)
Total noncategorical aid	$ 1,860,735	$ 1,860,735	$ 1,890,959	$ 30,224
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	$ 345,000	$ 345,000	$ 348,861	$ 3,861
Sheriff	1,017,000	1,017,000	985,459	(31,541)
Commissioner of revenue	86,500	86,500	88,060	1,560
Treasurer	78,000	78,000	79,092	1,092
Registrar/electoral board	36,000	36,000	37,399	1,399
Clerk of the Circuit Court	210,000	210,000	224,176	14,176
Total shared expenses	$ 1,772,500	$ 1,772,500	$ 1,763,047	$ (9,453)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 15,737	$ 737
Fire program funds	44,000	44,000	51,484	7,484
Litter control grant	7,398	7,398	7,015	(383)
911 services board grant	117,334	117,334	117,334	-
Rescue squad assistance grant	-	27,074	27,074	-
Victim witness grant	112,263	112,263	70,541	(41,722)
PSAP - Phase II - Wireless	100,000	100,000	127,618	27,618
VDOT Revenue sharing	-	-	26,080	26,080
DMV license agent commission	19,500	20,765	20,765	-
Drug forfeiture funds	35,000	35,000	17,729	(17,271)
Arts Grant	5,000	5,000	4,500	(500)
Total other categorical aid	$ 455,495	$ 483,834	$ 485,877	$ 2,043
Total categorical aid	$ 2,227,995	$ 2,256,334	$ 2,248,924	$ (7,410)
Total revenue from the Commonwealth	$ 4,088,730	$ 4,117,069	$ 4,139,883	$ 22,814
Revenue from the federal government:				
Categorical aid:				
Local law enforcement block grant	$ 1,550	$ 1,550	$ 1,396	$ (154)
Drug forfeiture funds	15,000	15,000	-	(15,000)
Cost allocation plan	40,000	40,000	57,761	17,761
Victim witness grant	-	-	40,633	40,633
Total categorical aid	$ 56,550	$ 56,550	$ 99,790	$ 43,240
Total revenue from the federal government	$ 56,550	$ 56,550	$ 99,790	$ 43,240
Total General Fund	$ 22,188,140	$ 22,221,048	$ 24,151,785	$ 1,930,737
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	$ -	$ -	$ 1,439	$ 1,439
Total miscellaneous	$ -	$ -	$ 1,439	$ 1,439
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	$ 670,320	$ 670,320	$ 580,278	$ (90,042)
Total revenue from the Commonwealth	$ 670,320	$ 670,320	$ 580,278	$ (90,042)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 1,009,692	$ 1,009,692	$ 1,100,816	$ 91,124
Total revenue from the federal government	$ 1,009,692	$ 1,009,692	$ 1,100,816	$ 91,124
Total Virginia Public Assistance Fund	$ 1,680,012	$ 1,680,012	$ 1,682,533	$ 2,521
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	$ 1,770	$ (8,230)
Recovered costs:				
Recovered costs - Lawrenceville	$ 12,796	$ 12,796	$ 7,565	$ (5,231)
Total revenue from local sources	$ 25,296	$ 25,296	$ 12,935	$ (12,361)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of aviation grant	$ 13,400	$ 13,400	$ 8,550	$ (4,850)
Total revenue from the Commonwealth	$ 13,400	$ 13,400	$ 8,550	$ (4,850)
Total Airport Commission Fund	$ 38,696	$ 38,696	$ 21,485	$ (17,211)
CSA Fund:				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	$ 300	$ 300	$ 436	$ 136
Total miscellaneous	$ 300	$ 300	$ 436	$ 136
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act	$ 619,440	$ 619,440	$ 539,312	$ (80,128)
PSSF grant	1,710	1,710	1,339	(371)
Total categorical aid	$ 621,150	$ 621,150	$ 540,651	$ (80,499)
Total revenue from the Commonwealth	$ 621,150	$ 621,150	$ 540,651	$ (80,499)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
CSA Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
TANF/SSBG - TITLE IV-E	$ -	$ -	$ 283	$ 283
PSSF grant	13,500	13,500	10,575	(2,925)
Total categorical aid	$ 13,500	$ 13,500	$ 10,858	$ (2,642)
Total CSA Fund	$ 634,950	$ 634,950	$ 551,945	$ (83,005)
Debt Service Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ 3,500	$ 3,500	$ 52,509	$ 49,009
Categorical aid:				
Federal interest subsidy	$ 60,538	$ 60,538	$ 60,733	$ 195
Total Debt Service Fund	$ 64,038	$ 64,038	$ 113,242	$ 49,204
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	$ -	$ -	$ 14,225	$ 14,225
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Tobacco grant	$ -	$ -	$ 16,327	$ 16,327
Total categorical aid	$ -	$ -	$ 16,327	$ 16,327
Total revenue from the Commonwealth	$ -	$ -	$ 16,327	$ 16,327
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grants	$ 675,000	$ 750,000	$ 302,599	$ (447,401)
VDOT Grant - Byways Visitor Center	27,400	133,630	250,738	117,108
Total categorical aid	$ 702,400	$ 883,630	$ 553,337	$ (330,293)
Total revenue from the federal government	$ 702,400	$ 883,630	$ 553,337	$ (330,293)
Total County Capital Improvements Fund	$ 702,400	$ 883,630	$ 583,889	$ (299,741)
Total Primary Government	$ 25,308,236	$ 25,522,374	$ 27,104,879	$ 1,582,505

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 1,600	$ 600
Miscellaneous:				
E-Rate	$ 267,000	$ 267,000	$ 118,096	$ (148,904)
Other miscellaneous	20,000	20,000	86,863	66,863
Total miscellaneous	$ 287,000	$ 287,000	$ 204,959	$ (82,041)
Total revenue from local sources	$ 288,000	$ 288,000	$ 206,559	$ (81,441)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Brunswick, Virginia	$ 5,439,185	$ 5,655,779	$ 5,400,675	$ (255,104)
Total revenues from local governments	$ 5,439,185	$ 5,655,779	$ 5,400,675	$ (255,104)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	$ 2,295,933	$ 2,295,933	$ 2,160,481	$ (135,452)
Basic school aid	5,314,455	5,314,455	5,254,923	(59,532)
Remedial summer education	112,420	112,420	112,059	(361)
Regular foster care	14,001	14,001	-	(14,001)
Special education foster care	-	-	11,939	11,939
Adult secondary education	37,859	37,859	50,465	12,606
Gifted and talented	55,328	55,328	54,952	(376)
Remedial education	445,533	445,533	419,430	(26,103)
Special education	1,026,392	1,026,392	1,019,416	(6,976)
Special education jails	37,950	37,950	37,481	(469)
Textbook payment	40,609	40,609	123,115	82,506
Vocational standards of quality payments	195,342	195,342	194,014	(1,328)
Vocational education - equipment	-	5,293	5,283	(10)
Vocational occupational preparedness	29,131	29,131	36,950	7,819
Social security fringe benefits	376,005	376,005	373,450	(2,555)
Retirement fringe benefits	862,666	862,666	856,803	(5,863)
Group life fringe benefits	25,970	25,970	25,794	(176)
State lottery payments	83,348	83,348	307,698	224,350
Early reading intervention	54,012	54,012	51,663	(2,349)
Homebound education	3,995	3,995	6,401	2,406
At risk payments	606,247	606,247	612,171	5,924
At risk payments - 4 year olds	136,558	136,558	136,558	-

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 527,372	$ 527,372	$ 513,808	$ (13,564)
Alternative education	422,300	422,300	445,533	23,233
Technology	-	120	291,110	290,990
Standards of Learning algebra readiness	40,311	40,311	42,787	2,476
Mentor teacher program	842	842	1,034	192
English as a second language	23,095	23,095	25,451	2,356
Industry Certification	-	-	2,970	2,970
VA Workplace Readiness	-	688	688	-
Project Graduation	-	-	3,955	3,955
Positive Behavioral Intervention and Support	-	37,049	25,000	(12,049)
Compensation supplement	-	-	60,117	60,117
CTE Equipment Grant - High Demand	-	4,074	4,074	-
Virginia healthy schools	-	7,000	6,895	(105)
CTE Stem-H Industry Credentials	-	1,115	1,115	-
Other state funds	645,726	645,726	-	(645,726)
Total categorical aid	$ 13,413,400	$ 13,468,739	$ 13,275,583	$ (193,156)
Total revenue from the Commonwealth	$ 13,413,400	$ 13,468,739	$ 13,275,583	$ (193,156)
Revenue from the federal government:				
Categorical aid:				
Title I	$ 716,560	$ 798,293	$ 780,852	$ (17,441)
Title II, Part A	107,845	108,601	99,282	(9,319)
Title VI-B, special education flow-through	499,773	522,253	505,811	(16,442)
Vocational education	55,000	55,473	47,665	(7,808)
Title VI-B, special education pre-school	11,640	13,297	11,972	(1,325)
Rural and low income schools	36,169	37,926	29,903	(8,023)
Title IV - 21st century learning grant	374,000	480,863	301,017	(179,846)
Preschool Expansion Grant	382,875	456,524	472,146	15,622
Title III, Part A, english proficiency	-	7,612	6,440	(1,172)
JROTC	51,000	51,000	27,467	(23,533)
Student support and academic enrichment	-	37,904	17,179	(20,725)
Total categorical aid	$ 2,234,862	$ 2,569,746	$ 2,299,734	$ (270,012)
Total revenue from the federal government	$ 2,234,862	$ 2,569,746	$ 2,299,734	$ (270,012)
Total School Operating Fund	$ 21,375,447	$ 21,982,264	$ 21,182,551	$ (799,713)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 176,314	$ (207,886)
Miscellaneous:				
Other miscellaneous	$ -	$ -	$ 11,395	$ 11,395
Total revenue from local sources	$ 384,200	$ 384,200	$ 187,709	$ (196,491)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	$ 13,440	$ 13,440	$ 11,806	$ (1,634)
School breakfast program	-	-	3,233	3,233
Total categorical aid	$ 13,440	$ 13,440	$ 15,039	$ 1,599
Total revenue from the Commonwealth	$ 13,440	$ 13,440	$ 15,039	$ 1,599
Revenue from the federal government:				
Categorical aid:				
School food program grant	$ 820,000	$ 820,000	$ 908,191	$ 88,191
Fresh fruit and vegetables grant	-	-	56,267	56,267
Commodities	-	-	69,483	69,483
Total categorical aid	$ 820,000	$ 820,000	$ 1,033,941	$ 213,941
Total revenue from the federal government	$ 820,000	$ 820,000	$ 1,033,941	$ 213,941
Total School Cafeteria Fund	$ 1,217,640	$ 1,217,640	$ 1,236,689	$ 19,049
Total Discretely Presented Component Unit - School Board	$ 22,593,087	$ 23,199,904	$ 22,419,240	$ (780,664)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018

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	$ 206,989	$ 252,087	$ 252,075	$ 12
General and financial administration:				
County administrator	$ 340,462	$ 344,669	344,669	$ -
Independent auditor	35,000	45,000	45,000	-
Commissioner of revenue	231,478	231,478	225,240	6,238
Reassessment	150,000	143,911	143,911	-
Equalization board	24,418	2,342	2,342	-
Treasurer	262,545	262,545	261,619	926
Finance department	249,432	247,741	242,223	5,518
Information Technology	58,556	58,556	39,848	18,708
DMV select	93,483	95,139	95,138	1
Total general and financial administration	$ 1,445,374	$ 1,431,381	$ 1,399,990	$ 31,391
Board of elections:				
Electoral board and officials	$ 61,659	$ 61,659	$ 52,791	$ 8,868
Registrar	119,233	119,233	116,644	2,589
Total board of elections	$ 180,892	$ 180,892	$ 169,435	$ 11,457
Total general government administration	$ 1,833,255	$ 1,864,360	$ 1,821,500	$ 42,860
Judicial administration:				
Courts:				
Circuit court	$ 33,875	$ 33,875	$ 21,989	$ 11,886
General district court	35,981	35,981	25,846	10,135
Special magistrates	950	950	720	230
Clerk of the circuit court	332,315	332,315	324,744	7,571
Law library	2,000	2,000	1,247	753
Victim/witness assistance program	135,927	135,927	131,439	4,488
Courthouse security	499,793	499,793	497,928	1,865
Total courts	$ 1,040,841	$ 1,040,841	$ 1,003,913	$ 36,928
Commonwealth's attorney:				
Commonwealth's attorney	$ 601,529	$ 601,529	$ 579,683	$ 21,846
Asset forfeiture	15,000	15,000	2,211	12,789
Total commonwealth's attorney	$ 616,529	$ 616,529	$ 581,894	$ 34,635
Total judicial administration	$ 1,657,370	$ 1,657,370	$ 1,585,807	$ 71,563
Public safety:				
Law enforcement and traffic control:				
Sheriff	$ 2,550,257	$ 2,656,119	$ 2,651,748	$ 4,371
Sheriff - line of duty	28,888	30,823	30,823	-
Asset forfeiture	35,000	35,000	6,000	29,000
E911 system	700,952	700,952	700,297	655
School resource officer	118,068	118,068	116,804	1,264
Total law enforcement and traffic control	$ 3,433,165	$ 3,540,962	$ 3,505,672	$ 35,290
Fire and rescue services:				
Fire and rescue	$ 724,686	$ 745,575	$ 738,040	$ 7,535
Medflight program	500	500	500	-
Division of forestry	22,603	22,603	22,603	-
Total fire and rescue services	$ 747,789	$ 768,678	$ 761,143	$ 7,535

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 2,438,063	$ 2,575,788	$ 2,569,778	$ 6,010
VJCCCA	635	635	635	-
Probation office	151,410	151,410	127,075	24,335
Total correction and detention	$ 2,590,108	$ 2,727,833	$ 2,697,488	$ 30,345
Inspections:				
Building	$ 133,312	$ 133,312	$ 124,680	$ 8,632
Total inspections	$ 133,312	$ 133,312	$ 124,680	$ 8,632
Other protection:				
Animal control	$ 147,634	$ 147,634	$ 137,559	$ 10,075
Medical examiner	270	270	220	50
Fire and rescue services	588,164	701,447	631,231	70,216
Emergency services	10,950	10,950	10,163	787
Total other protection	$ 747,018	$ 860,301	$ 779,173	$ 81,128
Total public safety	$ 7,651,392	$ 8,031,086	$ 7,868,156	$ 162,930
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	$ 838,563	$ 850,600	$ 850,600	$ -
Litter control	7,398	7,398	7,089	309
Inmate work force program	101,851	101,851	101,448	403
Lake Gaston weed control	90,000	5,146	-	5,146
Total sanitation and waste removal	$ 1,037,812	$ 964,995	$ 959,137	$ 5,858
Maintenance of general buildings and grounds:				
General properties	$ 457,255	$ 540,854	$ 540,754	$ 100
Courthouse maintenance	29,000	33,569	35,047	(1,478)
General engineering/administration	182,983	194,277	194,277	-
Total maintenance of general buildings and grounds	$ 669,238	$ 768,700	$ 770,078	$ (1,378)
Total public works	$ 1,732,050	$ 1,758,695	$ 1,729,215	$ 29,480
Health and welfare:				
Health:				
Supplement of local health department	$ 104,978	$ 104,978	$ 104,978	$ -
VCU Health - CMH	10,000	10,000	10,000	-
Total health	$ 114,978	$ 114,978	$ 114,978	$ -
Mental health and mental retardation:				
Southside Community Services Board	$ 72,269	$ 72,269	$ 72,269	$ -
Welfare:				
Local area on aging	$ 2,500	$ 2,500	$ 2,500	$ -
Veteran's exemption on real estate	-	-	14,676	(14,676)
Southside senior citizens center	3,848	3,848	3,848	-
Total welfare	$ 6,348	$ 6,348	$ 21,024	$ (14,676)
Total health and welfare	$ 193,595	$ 193,595	$ 208,271	$ (14,676)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (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	$ 5,875	$ 5,875	$ 5,875	$ -
Contribution to County School Board	5,439,185	5,655,779	5,400,675	255,104
Head Start program	58,475	58,475	58,475	-
Total education	$ 5,503,535	$ 5,720,129	$ 5,465,025	$ 255,104
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	$ 12,505	$ 12,505	$ 12,505	$ -
Water safety council	3,500	3,500	2,452	1,048
Total parks and recreation	$ 16,005	$ 16,005	$ 14,957	$ 1,048
Cultural enrichment:				
Historical society	$ 900	$ 900	$ -	$ 900
Chamber of commerce	6,000	6,000	6,000	-
Tourism association	119,413	119,413	44,228	75,185
Taste of Brunswick festival	5,000	5,000	5,000	-
Fort Christanna Preservation	5,000	15,000	-	15,000
Total cultural enrichment	$ 136,313	$ 146,313	$ 55,228	$ 91,085
Library:				
Contribution to regional library	$ 184,838	$ 184,838	$ 184,838	$ -
Total parks, recreation, and cultural	$ 337,156	$ 347,156	$ 255,023	$ 92,133
Community development:				
Planning and community development:				
Planning	$ 220,508	$ 220,508	$ 194,737	$ 25,771
Economic development	223,872	223,872	133,989	89,883
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	25,000	25,000	25,000	-
Art bank	10,000	10,000	10,000	-
Total planning and community development	$ 511,674	$ 511,674	$ 396,020	$ 115,654
Environmental management:				
Contribution to soil and water district	$ 11,543	$ 11,543	$ -	$ 11,543
Cooperative extension program:				
Extension office	$ 75,505	$ 75,505	$ 74,121	$ 1,384
Total community development	$ 598,722	$ 598,722	$ 470,141	$ 128,581
Capital projects:				
Other capital projects	$ 7,500	$ 7,500	$ 7,500	$ -
Total capital projects	$ 7,500	$ 7,500	$ 7,500	$ -

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Debt service:				
Principal retirement	$ 341,736	$ 341,736	$ 341,736	$ -
Interest and other fiscal charges	270,063	270,063	259,326	10,737
Total debt service	$ 611,799	$ 611,799	$ 601,062	$ 10,737
Total General Fund	$ 20,126,374	$ 20,790,412	$ 20,011,700	$ 778,712
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	$ 1,794,284	$ 1,794,284	$ 1,663,886	$ 130,398
Public assistance	362,178	362,178	361,621	557
Total welfare and social services	$ 2,156,462	$ 2,156,462	$ 2,025,507	$ 130,955
Total Virginia Public Assistance Fund	$ 2,156,462	$ 2,156,462	$ 2,025,507	$ 130,955
Airport Commission Fund:				
Public works:				
Maintenance of general buildings and grounds	$ 67,789	$ 67,789	$ 34,686	$ 33,103
Total Airport Commission Fund	$ 67,789	$ 67,789	$ 34,686	$ 33,103
CSA Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services	$ 888,000	$ 888,000	$ 791,734	$ 96,266
Total CSA Fund	$ 888,000	$ 888,000	$ 791,734	$ 96,266
Debt Service Fund:				
Debt service:				
Principal retirement	$ 624,060	$ 624,060	$ 488,826	$ 135,234
Interest and other fiscal charges	242,562	242,562	304,690	(62,128)
Total Debt Service Fund	$ 866,622	$ 866,622	$ 793,516	$ 73,106
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects:				
Solid waste vehicles/equipment	$ 50,000	$ 50,000	$ -	$ 50,000
IDA capital projects	-	60,839	60,839	-
Economic development	500,000	500,000	20,000	480,000
Emergency communications system	200,000	527,500	542,863	(15,363)
Building & Grounds	-	201,154	201,154	-
Alvis Road Housing project	-	75,000	19,806	55,194
Demolition of county property	-	256,936	283,917	(26,981)
Flat Rock Road housing project	675,000	675,000	266,098	408,902
Byways Visitor Center - NSBP	27,600	133,830	125,829	8,001
Total capital projects	$ 1,452,600	$ 2,480,259	$ 1,520,506	$ 959,753
Debt service:				
Issuance costs	$ -	$ 54,859	$ 54,858	$ 1
Total debt service	$ -	$ 54,859	$ 54,858	$ 1
Total County Capital Improvements Fund	$ 1,452,600	$ 2,535,118	$ 1,575,364	$ 959,754
Total Primary Government	$ 25,557,847	$ 27,304,403	$ 25,232,507	$ 2,071,896

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2018 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Elementary and secondary schools	$ 11,145,913	$ 11,055,622	$ 10,592,906	$ 462,716
Guidance services	355,266	355,266	369,066	(13,800)
Homebound instruction	25,940	25,940	11,595	14,345
Other instructional costs	2,623,469	2,904,769	2,885,760	19,009
Media services	267,809	267,809	236,111	31,698
Office of the principal	1,142,091	1,142,091	1,083,771	58,320
Total instruction costs	$ 15,560,488	$ 15,751,497	$ 15,179,209	$ 572,288
Operating costs:				
Administration, attendance and health services	$ 780,537	$ 845,193	$ 845,193	$ -
Pupil transportation	1,865,851	2,485,145	2,317,514	167,631
Operation and maintenance of school plant	2,288,629	2,288,629	2,146,147	142,482
School food service and other non-instructional	-	-	1,024	(1,024)
Total operating costs	$ 4,935,017	$ 5,618,967	$ 5,309,878	$ 309,089
Total education	$ 20,495,505	$ 21,370,464	$ 20,489,087	$ 881,377
Capital projects:				
Technology	$ 879,942	$ 1,006,049	$ 1,006,049	$ -
Total capital projects	$ 879,942	$ 1,006,049	$ 1,006,049	$ -
Debt service:				
Principal retirement	$ -	$ -	$ 81,615	$ (81,615)
Total debt service	$ -	$ -	$ 81,615	$ (81,615)
Total School Operating Fund	$ 21,375,447	$ 22,376,513	$ 21,576,751	$ 799,762
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	$ 1,217,640	$ 1,217,640	$ 1,236,101	$ (18,461)
Total school food services	$ 1,217,640	$ 1,217,640	$ 1,236,101	$ (18,461)
Total education	$ 1,217,640	$ 1,217,640	$ 1,236,101	$ (18,461)
Total School Cafeteria Fund	$ 1,217,640	$ 1,217,640	$ 1,236,101	$ (18,461)
Total Discretely Presented Component Unit - School Board	$ 22,593,087	$ 23,594,153	$ 22,812,852	$ 781,301

Statistical Information

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COUNTY OF BRUNSWICK, VIRGINIA **Table 1**

Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2008-09	$ 1,370,787	$ 927,890	$ 5,322,982	$ 1,566,564	$ 3,254,460	$ 5,831,744	$ 330,017	$ 800,234	$ 588,556	$ 19,993,234
2009-10	1,429,532	894,337	5,412,405	1,382,358	3,076,860	4,891,976	265,889	1,025,792	616,328	18,995,477
2010-11	1,515,442	894,951	5,981,996	1,280,851	2,643,064	5,569,047	250,217	1,147,135	532,083	19,814,786
2011-12	1,667,583	908,493	6,640,400	1,309,329	2,532,222	6,023,084	300,369	838,812	485,231	20,705,523
2012-13	1,505,451	1,312,334	6,574,329	1,408,843	2,465,150	5,871,279	252,293	1,570,574	519,431	21,479,684
2013-14	1,648,242	1,414,529	6,487,385	1,339,319	2,659,973	5,063,297	259,810	3,813,096	800,519	23,486,170
2014-15	1,579,943	1,307,752	6,000,403	1,306,627	2,567,376	5,262,095	266,468	1,366,109	665,363	20,322,136
2015-16	1,559,145	1,375,338	7,059,685	1,399,968	2,772,335	5,815,545	257,645	1,010,181	633,693	21,883,535
2016-17	1,822,713	1,459,765	7,167,141	1,704,854	2,980,849	5,434,742	255,735	677,268	583,281	22,086,348
2017-18	1,985,432	1,529,147	7,746,153	1,707,126	2,872,766	6,303,988	307,427	855,923	616,694	23,924,656

COUNTY OF BRUNSWICK, VIRGINIA **Table 2**

Government-Wide Revenues
Last Ten Fiscal Years

	PROGRAM REVENUES			GENERAL REVENUES					
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes (3)	Other Local Taxes (2)	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs (1)	Total
2008-09	$ 2,379,898	$ 5,526,714	$ 133,650	$ 8,463,615	$ 1,871,159	$ 448,917	$ 92,902	$ 1,348,089	$ 20,264,944
2009-10	1,981,025	5,287,025	504,478	8,072,614	1,379,830	348,240	782,103	1,788,640	20,143,955
2010-11	1,635,484	4,778,782	919,646	8,046,938	1,412,931	312,468	50,387	1,744,141	18,900,777
2011-12	1,503,878	4,718,374	494,966	8,010,380	1,467,078	292,678	281,809	1,755,401	18,524,564
2012-13	1,867,072	4,018,912	1,011,564	9,372,346	1,619,833	203,654	88,291	1,788,436	19,970,108
2013-14	1,630,651	4,160,447	392,015	9,313,663	4,033,028	122,685	213,594	1,867,531	21,733,614
2014-15	1,571,419	4,071,497	166,588	9,703,330	3,068,643	123,332	71,038	1,835,661	20,611,508
2015-16	1,684,807	4,191,607	238,644	11,788,542	1,899,602	133,637	150,380	1,825,892	21,913,111
2016-17	2,329,785	4,297,335	682,187	14,348,055	1,617,595	139,209	140,896	1,825,375	25,380,437
2017-18	2,369,366	4,589,867	630,396	15,331,809	1,702,794	163,660	95,138	1,890,960	26,773,990

(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 Admini-stration	Judicial Admini-stration	Public Safety	Public Works	Health and Welfare	Education (3)	Parks, Recreation, and Cultural	Community Development (4)	Debt Service	Total
2008-09	$ 1,309,575	$ 928,539	$ 5,017,772	$ 1,547,560	$ 3,237,850	$ 25,282,253	$ 296,089	$ 428,625	$ 1,387,401	$ 39,435,664
2009-10	1,255,432	894,764	5,101,718	1,431,581	3,053,689	23,596,168	238,501	427,517	1,444,735	37,444,105
2010-11	1,348,003	896,962	5,574,081	1,348,001	2,631,734	24,699,739	218,762	324,396	1,397,425	38,439,103
2011-12	1,477,604	911,170	5,588,300	1,404,443	2,503,135	22,001,800	240,993	361,338	1,373,722	35,862,505
2012-13	1,368,274	1,314,772	5,008,806	1,487,373	2,436,281	21,755,135	221,149	358,448	1,337,326	35,287,564
2013-14	1,426,940	1,413,644	6,342,689	1,686,456	2,649,948	21,482,142	233,274	3,687,442	1,764,803	40,687,338
2014-15	1,438,319	1,386,757	6,575,863	1,396,182	2,583,091	21,170,800	239,931	1,363,728	1,716,178	37,870,849
2015-16	1,568,035	1,483,160	7,051,045	1,812,155	2,834,258	20,966,306	231,108	555,642	1,781,620	38,283,329
2016-17	1,576,848	1,450,499	7,260,047	1,671,037	3,026,057	21,486,186	229,720	579,735	2,169,963	39,450,092
2017-18	1,821,500	1,585,807	7,868,156	1,763,901	3,025,512	22,795,587	255,023	470,141	1,476,193	41,061,820

(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 **Table 4**

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
2008-09	$ 8,386,280	$ 1,871,159	$ 78,578	$ 419,180	$ 384,480	$ 2,126,721	$ 472,789	$ 333,620	$ 26,024,679	$ 40,097,486
2009-10	8,088,105	1,379,830	76,739	380,180	289,642	1,752,448	526,295	404,534	25,563,454	38,461,227
2010-11	7,995,039	1,412,931	76,377	635,918	310,585	1,148,754	642,979	253,204	25,462,062	37,937,849
2011-12	8,025,149	1,467,078	114,407	771,660	264,789	849,972	774,927	251,681	23,193,175	35,712,838
2012-13	9,303,220	1,619,833	66,134	1,110,627	194,120	909,191	548,676	261,208	22,765,047	36,778,056
2013-14	9,338,344	4,033,028	88,964	908,216	117,282	845,321	649,235	277,405	22,549,870	38,807,665
2014-15	9,693,867	3,068,643	79,046	888,760	123,582	757,019	449,885	374,381	21,951,844	37,387,027
2015-16	11,672,323	1,899,602	65,142	889,369	132,902	908,820	827,220	313,360	22,416,798	39,125,536
2016-17	14,257,624	1,617,595	75,261	1,342,861	138,616	1,091,106	489,443	241,986	23,266,709	42,521,201
2017-18	15,335,217	1,702,794	69,089	1,349,105	151,035	1,127,486	311,492	327,481	23,165,856	43,539,555

(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
2008-09	$ 9,633,174	$ 9,437,522	97.97%	$ 136,923	$ 9,574,445	99.39%	$ 323,568	3.36%
2009-10	9,389,459	9,177,332	97.74%	108,565	9,285,897	98.90%	367,103	3.91%
2010-11	9,261,403	9,083,454	98.08%	109,938	9,193,392	99.27%	373,747	4.04%
2011-12	9,300,497	9,073,096	97.55%	138,985	9,212,081	99.05%	366,258	3.94%
2012-13	10,563,964	10,286,914	97.38%	179,496	10,466,410	99.08%	410,941	3.89%
2013-14	10,593,557	10,343,239	97.64%	167,216	10,510,455	99.22%	467,661	4.41%
2014-15	10,913,880	10,630,423	97.40%	240,313	10,870,736	99.60%	473,899	4.34%
2015-16	12,987,541	12,648,599	97.39%	255,928	12,904,527	99.36%	528,917	4.07%
2016-17	15,565,394	15,244,901	97.94%	186,480	15,431,381	99.14%	596,737	3.83%
2017-18	16,555,733	16,230,970	98.04%	240,759	16,471,729	99.49%	632,919	3.82%

(1) Exclusive of penalties and interest.
(2) Includes three most current delinquent tax years.

COUNTY OF BRUNSWICK, VIRGINIA **Table 6**

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools	Merchants Capital	Public Utility (2)(3)	Total
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
2016-17	1,298,006,765	124,144,270	18,163,830	7,802,300	975,481,233	2,423,598,398
2017-18	1,303,563,180	124,218,160	19,288,060	-	940,609,009	2,387,678,409

(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
2008-09	$ 0.39	$ 0.39	$ 3.40	$ N/A	$ 3.40	$ 1.20
2009-10	0.39	0.39	3.40	N/A	3.40	1.20
2010-11	0.39	0.39	3.40	N/A	3.40	1.20
2011-12	0.39	0.39	3.40	N/A	3.40	1.20
2012-13	0.47	0.47	3.60	N/A	3.40	1.20
2013-14	0.47	0.47	3.60	N/A	3.40	1.20
2014-15	0.47	0.47	3.60	2.40	3.40	1.20
2015-16	0.47	0.47	3.60	2.15	3.40	1.20
2016-17	0.47	0.47	3.60	2.64	3.40	1.20
2017-18	0.52	0.52	3.65	2.71	3.40	N/A

(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: Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2008-09	18,263	$ 1,439,561	$ 10,160,699	-	$ 10,160,699	0.71%	556
2009-10	18,505	1,448,648	9,352,824	-	9,352,824	0.65%	505
2010-11	17,434	1,452,999	8,520,159	-	8,520,159	0.59%	489
2011-12	17,400	1,464,383	9,191,681	-	9,191,681	0.63%	528
2012-13	17,395	1,474,561	11,363,146	-	11,363,146	0.77%	653
2013-14	17,275	1,483,744	15,579,759	-	15,579,759	1.05%	902
2014-15	17,235	1,515,983	14,579,257	-	14,579,257	0.96%	846
2015-16	16,930	1,926,624	13,476,105	-	13,476,105	0.70%	796
2016-17	16,687	2,423,598	11,947,042	-	11,947,042	0.49%	716
2017-18	16,581	2,387,678	11,155,316	-	11,155,316	0.47%	673

(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, 2018, 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 January 21, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 21, 2019

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, 2018. 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, 2018.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 21, 2019

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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	0950116/17			$ 11,557
Temporary Assistance for Needy Families (TANF)	93.558	0400117/18			237,985
Refugee and Entrant Assistance - State Administered Programs	93.566	0500117/18			333
Low-Income Home Energy Assistance	93.568	0600417/18			30,169
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760117/18			35,472
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900116/17			742
Foster Care - Title IV-E	93.658	1100117/18			102,712
Adoption Assistance	93.659	1120117/18			58,219
Social Services Block Grant	93.667	1000117/18			151,022
Chafee Foster Care Independence Program	93.674	9150117/18			1,355
Children's Health Insurance Program (CHIP)	93.767	0540117/18			10,092
Medical Assistance Program	93.778	1200117/18			259,789
Total Department of Health and Human Services					$ 899,447
Department of Agriculture:					
Pass Through Payments:					
Virginia Department of Agriculture and Consumer Services:					
Food Distribution (Child Nutrition Cluster)	10.555	Unknown	$ 69,483		
Virginia Department of Education:					
National School Lunch Program (NSLP) (Child Nutrition Cluster)	10.555	17/18N109941	664,669	$ 734,152	
School Breakfast Program (Child Nutrition Cluster)	10.553	17/18N109941		243,522	$ 977,674
Fresh Fruit and Vegetable Program	10.582	17/18L160341			56,267
Virginia Department of Social Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010117/18, 0040117/18, 0050117/18			260,877
Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP	10.596	0060115			9,111
Total Department of Agriculture					$ 1,303,929

Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2018

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Defense:				
Direct Payments:				
ROTC	12.U00	N/A		$ 27,467
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-	14.228	CAMS 1610	$ 282,960	
Entitlement Grants in Hawaii	14.228	CAMS 1702	19,639	$ 302,599
Department of Justice:				
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	17-S1126LO16		$ 1,396
Crime Victim Assistance	16.575	18-V9272VW16		40,633
Total Department of Justice				$ 42,029
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Transportation:				
Highway Planning and Construction	20.205	SB10-012-VA1		$ 250,738
Total Department of Transportation				$ 250,738
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	S010A160046/17		$ 780,852
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	H027A160107/17	$ 505,811	
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A160112/17	11,972	517,783
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A160046/17		47,665
Twenty-First Century Community Learning Centers	84.287	S287C160047/17		301,017
Rural Education	84.358	S358B160046/17		29,903
Title II, Part A - Improving Teacher Quality State Grants	84.367	S367A160044/17		99,282
Preschool Development Grants - Expansion	84.419	S419B150010		472,146
Student Support and Academic Enrichment Program	84.424	S424A170048		17,179
Virginia Polytechnic Institute:				
English Language Acquisition State Grants	84.365	Unknown		6,440
Total Department of Education				$ 2,272,267
Total Expenditures of Federal Awards				$ 5,098,476

See accompanying notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of County of Brunswick, Virginia under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of County of Brunswick, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Brunswick, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

Note 5 - Indirect Costs

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

Note 6 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:		
Primary government:		
General Fund	$	99,790
Special Revenue Funds:		
Virginia Public Assistance Fund		1,100,816
CSA Fund		10,858
Debt Service Funds:		
Debt Service Fund		60,733
Capital Projects Funds:		
County Capital Improvements Fund		553,337
Total primary government	$	1,825,534
Component Unit School Board:		
School Operating Fund	$	2,299,734
School Cafeteria Fund		1,033,941
Total component unit School Board	$	3,333,675
Total federal expenditures per basic financial statements	$	5,159,209
Reconciling Items:		
Federal interest subsidy	$	(60,733)
Total reconciling items	$	(60,733)
Total federal expenditures per the Schedule of Expenditures of Federal Awards	$	5,098,476

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
84.010	Title I - Grants to Local Educational Agencies
84.027/84.173	Special Education Cluster
93.558	Temporary Assistance for Needy Families (TANF)
93.778	Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to report.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

2017-001

Criteria:	Per Statement on Auditing Standards 115, identification of a material adjustment to the financial statements that was not detected by entity's internal controls indicates that a material weakness may exist.
Condition:	The financial statements required material adjustments by the Auditor to ensure such statements complied with Generally Accepted Accounting Principles (GAAP).
Context:	Several processes conducted by the former Treasurer are no longer managed by the Treasurer's office. Other departments relied on the information provided by the former Treasurer to reconcile accounts, prepare required reports to be submitted to funding agencies, etc. In addition, reconciliations historically prepared by the former Treasurer were not prepared in a timely manner or reviewed in detail by the current Treasurer when recording accrual adjustments in FY17. This led to the need for significant audit adjustments at year-end.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the entity's internal controls over financial reporting.
Cause:	Management failed to identify all year end accounting adjustments necessary for the financial statements to be prepared in accordance with current reporting standards. Management does not have proper controls in place to detect and correct adjustments in closing their year end financial statements and to reconcile financial activity in order to ensure timely reporting to state agencies, etc.
Recommendation:	Individual departments should work with the Treasurer's office or County Finance Director to obtain the necessary financial data to maintain the records in accordance with GAAP and to file timely reports with the appropriate parties. In addition, the Treasurer should communicate with individual departments to ensure revenues are properly classified and obtain training to assist with year-end audit preparation.
Management's Response:	Individual departments will work with the Treasurer's office or County Finance Director to obtain the necessary financial data to maintain the records in accordance with GAAP and to file timely reports with the appropriate parties.
Status:	Corrective action was taken as described above.

2017-002

Criteria:	Financial information should be prepared and filed in a timely manner.
Condition:	The Annual School Report was not prepared and filed by the statutory deadline of September 15th and several grant reimbursements for school programs were requested several months after year-end. In addition, the School Board did not identify capital asset additions or update the depreciation schedule to reflect capital asset additions and disposals that occurred during the year.
Context:	Several processes conducted by the former Treasurer are no longer managed by the Treasurer's office. The School Board relied on monitoring and other information provided by the former Treasurer to reconcile accounts including the Annual School report. The depreciation schedule is not reviewed and updated as part of the routine financial activities.
Effect:	There is a reasonable possibility 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.
Status:	Corrective action was taken as described above.

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