

# COUNTY OF BRUNSWICK, VIRGINIA



FINANCIAL REPORT YEAR  
ENDED JUNE 30, 2019



**County of Brunswick, Virginia**  
**Financial Report**  
**For the Year Ended June 30, 2019**

---



# COUNTY OF BRUNSWICK, VIRGINIA

Financial Report  
For the Year Ended June 30, 2019

## TABLE OF CONTENTS

---

	<u>PAGE</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-9
<b><u>Basic Financial Statements:</u></b>	
<b>Government-Wide Financial Statements:</b>	
Exhibit 1    Statement of Net Position	10
Exhibit 2    Statement of Activities	11-12
<b>Fund Financial Statements:</b>	
Exhibit 3    Balance Sheet—Governmental Funds	13
Exhibit 4    Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	14
Exhibit 5    Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	15
Exhibit 6    Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7    Statement of Fiduciary Net Position—Fiduciary Funds	17
<b>Notes to Financial Statements</b>	18-88
<b><u>Required Supplementary Information:</u></b>	
Exhibit 8    Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—General Fund	89
Exhibit 9    Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Virginia Public Assistance Fund	90
Exhibit 10   Schedule of Changes in Net Pension Liability and Related Ratios—Primary Government	91
Exhibit 11   Schedule of Changes in Net Pension Liability and Related Ratios—Component Unit School board (nonprofessional)	92
Exhibit 12   Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan	93
Exhibit 13   Schedule of Employer Contributions – Pension Plans	94
Exhibit 14   Notes to Required Supplementary Information – Pension Plans	95

# COUNTY OF BRUNSWICK, VIRGINIA

Financial Report  
For the Year Ended June 30, 2019

## TABLE OF CONTENTS

---

	<u>PAGE</u>	
<b><u>Required Supplementary Information: (Continued)</u></b>		
Exhibit 15	Schedule of County's and School Board's Share of Net OPEB Liability – VRS Cost-Sharing OPEB Plans	96
Exhibit 16	Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios – Health Insurance Credit Program (HIC)	97
Exhibit 17	Schedule of Employer Contributions VRS OPEB Plan – Group Life Insurance Program	98
Exhibit 18	Schedule of Employer Contributions VRS OPEB Plan – Health Insurance Credit Program	99
Exhibit 19	Notes to Required Supplementary Information VRS OPEB Plan – Group Life Insurance Program	100
Exhibit 20	Notes to Required Supplementary Information VRS OPEB Plans – Health Insurance Credit (HIC) and Teacher Health Insurance Credit (HIC) Programs	101
Exhibit 21	Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios Primary Government and Component Unit School Board	102
Exhibit 22	Notes to Required Supplementary Information – County and School Board OPEB	103
<b><u>Other Supplementary Information:</u></b>		
<b>Combining and Individual Fund Financial Statements and Schedules:</b>		
Exhibit 23	Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Debt Service Fund	104
Exhibit 24	Schedule of Revenues, Expenditures and Changes in Fund Balances— Budget and Actual—Capital Projects Fund	105
Exhibit 25	Combining Balance Sheet—Nonmajor Special Revenue Funds	106
Exhibit 26	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Special Revenue Funds	107
Exhibit 27	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Nonmajor Special Revenue Funds	108-109
Exhibit 28	Combining Statement of Fiduciary Net Position—Fiduciary Funds	110
Exhibit 29	Combining Statement of Changes in Assets and Liabilities—Agency Funds	111

# COUNTY OF BRUNSWICK, VIRGINIA

Financial Report  
For the Year Ended June 30, 2019

## TABLE OF CONTENTS

---

	<u>PAGE</u>	
<b><u>Other Supplementary Information: (Continued)</u></b>		
<b>Combining and Individual Fund Financial Statements and Schedules: (Continued)</b>		
Exhibit 30	Combining Balance Sheet—Discretely Presented Component Unit-School Board	112
Exhibit 31	Combining Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds—Discretely Presented Component Unit-School Board	113
Exhibit 32	Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—Discretely Presented Component Unit-School Board	114-115
<b>Supporting Schedules:</b>		
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds and Discretely Presented Component Unit - School Board	116-123
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds and Discretely Presented Component Unit - School Board	124-128
<b>Statistical Information:</b>		
Table 1	Government-wide Expenses by Function—Last Ten Fiscal Years	129
Table 2	Government-wide Revenues—Last Ten Fiscal Years	130
Table 3	General Governmental Expenditures by Function—Last Ten Fiscal Years	131
Table 4	General Governmental Revenues by Source—Last Ten Fiscal Years	132
Table 5	Property Tax Levies and Collections—Last Ten Fiscal Years	133
Table 6	Assessed Value of Taxable Property—Last Ten Fiscal Years	134
Table 7	Property Tax Rates—Last Ten Fiscal Years	135
Table 8	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita—Last Ten Fiscal Years	136

**COUNTY OF BRUNSWICK, VIRGINIA**

Financial Report  
For the Year Ended June 30, 2019

**TABLE OF CONTENTS**

---

	<u>PAGE</u>
<b><u>Compliance:</u></b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	137-138
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	139-141
Schedule of Expenditures of Federal Awards	142-143
Notes to Schedule of Expenditures of Federal Awards	144
Schedule of Findings and Questioned Costs	145-146
Summary Schedule of Prior Audit Findings	147



**BOARD OF SUPERVISORS**

---

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

**COUNTY SOCIAL SERVICES BOARD**

---

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

**COUNTY SCHOOL BOARD**

---

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

**OTHER OFFICIALS**

---

Judge of the Circuit Court	W. Edward Tomko, III
Chief Judge for 6 <sup>th</sup> Judicial Circuit Court	W. Allen Sharrett
Clerk of the Circuit Court	V. Earl Stanley, Jr.
Commonwealth's Attorney	Lezlie S. Green
Commissioner of the Revenue	Camilla Clayton-Bright
Treasurer	Jacqueline Mangrum
Sheriff	Brian K. Roberts
Superintendent of Schools	Kristy Somerville-Midgett
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, 2019, 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, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As described in Note 24 to the financial statements, in 2019, the County adopted new accounting guidance, GASB Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*. 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, 89-90 and 91-103 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 February 14, 2020, 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 Farver Cox Associates*

Charlottesville, Virginia  
February 14, 2020

This page intentionally left blank

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

---

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

As management of County of Brunswick, Virginia we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019.

**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 \$15,540,112 (net position), an increase of \$1,187,062 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 \$2,550,328 (Exhibit 5) after making contributions totaling \$5,733,460 to the School Board.

- As of the close of the current fiscal year, the County's governmental funds reported ending fund balances of \$27,592,212 a decrease of \$2,550,328 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$15,391,496 or 69% of total general fund expenditures.
- Combined long-term obligations for the governmental funds decreased \$338,920 during the current fiscal year. A new bond was issued to refund existing debt and to fund property acquisitions for economic development. Debt balances increased by \$281,866.

**Overview of the Financial Statements**

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

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

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

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

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

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

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

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

The Government-wide financial statements include not only County of Brunswick, Virginia itself (known as the primary government), but also a legally separate school district for which County of Brunswick, Virginia is financially accountable and a legally separate industrial development authority for which the County appoints a majority of its board members. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

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

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

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

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



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

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

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules, 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 \$15,540,112 at the close of the most recent fiscal year.

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

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 19,049,621	\$ 22,050,257
Capital assets	18,612,812	15,191,536
Total assets	\$ 37,662,433	\$ 37,241,793
Deferred outflows of resources	\$ 753,806	\$ 701,732
Long-term liabilities	\$ 21,132,076	\$ 21,470,996
Current liabilities	984,197	1,494,733
Total liabilities	\$ 22,116,273	\$ 22,965,729
Deferred inflows of resources	\$ 759,854	\$ 624,746
Net position:		
Net investment in capital assets	\$ 8,054,136	\$ 5,872,160
Restricted	320,803	280,082
Unrestricted	7,165,173	8,200,808
Total net position	\$ 15,540,112	\$ 14,353,050

At the end of the current fiscal year, the County's net investment in capital assets was \$8,054,136. 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 \$1,187,062.

**Summary Statement of Change in Net Position**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Revenues:		
Program revenues:		
Charges for services	\$ 2,636,357	\$ 2,369,366
Operating grants and contributions	4,839,710	4,589,867
Capital grants and contributions	716,188	630,396
General revenues:		
General property taxes	15,980,713	15,331,809
Other local taxes	1,231,660	1,702,794
Grants and other contributions not restricted	1,801,300	1,890,960
Use of money and property	175,557	163,660
Miscellaneous	161,688	95,138
Total revenues	<u>\$ 27,543,173</u>	<u>\$ 26,773,990</u>
Expenses:		
General government administration	\$ 1,741,196	\$ 1,985,432
Judicial administration	1,531,103	1,529,147
Public safety	8,780,522	7,746,153
Public works	1,961,707	1,707,126
Health and welfare	3,189,487	2,872,766
Education	6,562,690	6,303,988
Parks, recreation, and cultural	488,124	307,427
Community development	1,297,820	855,923
Interest on long-term debt	803,462	616,694
Total expenses	<u>\$ 26,356,111</u>	<u>\$ 23,924,656</u>
Increase (decrease) in net position	<u>\$ 1,187,062</u>	<u>\$ 2,849,334</u>
Net position, July 1	<u>\$ 14,353,050</u>	<u>\$ 11,503,716</u>
Net position, June 30	<u><u>\$ 15,540,112</u></u>	<u><u>\$ 14,353,050</u></u>

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

Key elements of this increase are as follows:

Total revenues increased by \$769,183 over the prior year. General property taxes increased by \$648,904, reflecting the increased real estate and fire and rescue volunteer rates from \$.52 to \$.53, and \$2.71 to \$2.81, respectively. The other category with a noticeable change was other local taxes, with a decrease of \$471,134. This reflects completion of the Dominion Virginia Power Plant and lower local sales tax. Charges for services and operating grants and contributions increased by \$266,991 and \$249,843, respectively.

Total expenses increased by \$2,431,455 over the prior year. Public safety increased by \$1,034,369. The increase is directly related to the increase in per diem for the MRRJ, additional funding provided to the ESAB, and 3 additional SRO's placed at the elementary schools. Community development increased by \$441,897 related to the Alvis Road and Flat Rock Road housing projects.

## **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 \$17,592,212, a decrease of \$2,550,328 in comparison with the prior year. Approximately 87% of this total amount constitutes unassigned fund balance, which is available for spending at the County's discretion. The remainder of fund balance is segregated to indicate that it is not available for new spending because it has already been committed or assigned.

## **General Fund Budgetary Highlights**

The difference between the original budget and the final amended budget of the general fund was an increase of \$1,197,571 in expenditures and can be briefly summarized as follows:

- \$240,973 in increases for public safety
- \$306,673 in increases for public works
- \$273,061 in increases for education
- \$376,864 in other increases

Of this increase, \$65,000, \$67,696, \$58,127, and \$116,903 was to be funded from fines and forfeitures, charges for services, miscellaneous revenues and state grant funding. The remaining \$889,845 was to come from available fund balance. During the year, however, expenditures were less than budgetary estimates by \$280,957, 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, 2019 amounted to \$18,612,812 (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 \$4,113,223 during the current fiscal year, while accumulated depreciation increased by \$691,947, resulting in a net increase of \$3,421,276. Additions included the purchase of land, completion of the radio communication project, several new vehicles, and various other equipment. Construction of a manned convenience center was underway 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 \$21,132,076 for its governmental operations. Of this amount \$11,654,272 comprises obligations backed by the full faith and credit of the County. The remainder of the County's debt for governmental operations (\$9,477,804) 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 \$338,920 during the current fiscal year. Required payments made on outstanding principal balances and refunded debt paid off were offset by the issuance of debt and changes in pension and OPEB liabilities.

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 4.1 percent, which is a fair decrease from a rate of 5.1 percent a year ago. This is slightly higher than the state's average unemployment rate of 2.5 percent and the national average rate of 3.6 percent.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the County's budget for the 2020 fiscal year.

The County's fiscal year 2020 budget amounted to \$21,571,002 (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**





Statement of Net Position  
June 30, 2019

	Primary Government		Component Units	
	Governmental Activities	School Board	IDA	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 15,048,687	\$ 874,852	\$ 2,306,028	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	739,577	-	-	
Accounts receivable	426,400	19,473	27,203	
Due from component units	500,000	-	-	
Due from other governmental units	692,784	688,427	-	
Inventories	3,376	-	-	
Prepaid items	-	23,228	-	
Restricted assets:				
Cash and cash equivalents	374,169	-	-	
Investments (in custody of others)	1,264,628	-	-	
Other assets:				
Land and improvements held for sale	-	-	3,854,858	
Investment in industrial assets	-	-	8,116,849	
Leases receivable	-	-	227,141	
Net pension asset	-	573,004	70,548	
Capital assets (net of accumulated depreciation):				
Land	3,597,824	25,822	39,142	
Buildings and improvements	10,908,836	7,002,635	100,664	
Machinery, equipment, and vehicles	3,925,676	823,379	1,152	
Intangibles	135,876	-	-	
Construction in progress	44,600	-	-	
Total assets	\$ 37,662,433	\$ 10,030,820	\$ 14,743,585	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 644,935	\$ 1,558,880	\$ 8,312	
OPEB related items	108,871	215,377	727	
Total deferred outflows of resources	\$ 753,806	\$ 1,774,257	\$ 9,039	
<b>LIABILITIES</b>				
Accounts payable	\$ 417,858	\$ 75,514	\$ 95,542	
Accrued liabilities	-	907,042	-	
Retainage payable	-	-	33,422	
Escrow accounts	-	-	5,219	
Accrued interest payable	566,339	3,815	-	
Due to primary government	-	-	500,000	
Long-term liabilities:				
Due within one year	1,134,755	125,488	-	
Due in more than one year	19,997,321	17,029,614	6,000	
Total liabilities	\$ 22,116,273	\$ 18,141,473	\$ 640,183	
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on sale-leaseback	\$ -	\$ -	\$ 12,834	
Pension related items	707,296	3,189,043	4,365	
OPEB related items	52,558	271,565	4,000	
Total deferred inflows of resources	\$ 759,854	\$ 3,460,608	\$ 21,199	
<b>NET POSITION (DEFICIT)</b>				
Net investment in capital assets	\$ 8,054,136	\$ 7,615,364	\$ 8,257,807	
Restricted:				
Anti-litter	202	-	-	
Electronic summons	50,210	-	-	
Law library	23,644	-	-	
Drug enforcement	119,338	-	-	
Courthouse maintenance	56,838	-	-	
Courthouse security	70,571	-	-	
Unrestricted (deficit)	7,165,173	(17,412,368)	5,833,435	
Total net position (deficit)	\$ 15,540,112	\$ (9,797,004)	\$ 14,091,242	

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, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
Governmental activities:				
General government administration	\$ 1,741,196	\$ 51,409	\$ 231,197	\$ -
Judicial administration	1,531,103	326,640	573,178	-
Public safety	8,780,522	1,767,424	1,517,162	-
Public works	1,961,707	489,860	17,948	-
Health and welfare	3,189,487	-	2,495,725	-
Education	6,562,690	-	-	60,993
Parks, recreation, and cultural	488,124	-	4,500	87,698
Community development	1,297,820	1,024	-	567,497
Interest on long-term debt	803,462	-	-	-
Total governmental activities	<u>\$ 26,356,111</u>	<u>\$ 2,636,357</u>	<u>\$ 4,839,710</u>	<u>\$ 716,188</u>
<b>COMPONENT UNITS:</b>				
School Board	\$ 21,237,634	\$ 181,429	\$ 16,155,763	\$ -
Industrial Development Authority	784,336	195,117	136,095	-
Total component units	<u>\$ 22,021,970</u>	<u>\$ 376,546</u>	<u>\$ 16,291,858</u>	<u>\$ -</u>

General revenues:

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

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

Exhibit 2

<b>Net (Expense) Revenue and Changes in Net Position</b>			
	<b>Primary</b>		
	<b>Government</b>	<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>School Board</b>	<b>IDA</b>
\$	(1,458,590)		
	(631,285)		
	(5,495,936)		
	(1,453,899)		
	(693,762)		
	(6,501,697)		
	(395,926)		
	(729,299)		
	(803,462)		
\$	<u>(18,163,856)</u>		
		\$ (4,900,442)	\$ -
		-	(453,124)
		<u>\$ (4,900,442)</u>	<u>\$ (453,124)</u>
\$	15,980,713	\$ -	\$ -
	442,467	-	-
	251,312	-	-
	375,412	-	-
	162,469	-	-
	-	6,494,102	40,686
	175,557	1,500	16,275
	161,688	279,390	-
	1,801,300	-	-
	-	-	1,500
\$	<u>19,350,918</u>	<u>\$ 6,774,992</u>	<u>\$ 58,461</u>
	1,187,062	1,874,550	(394,663)
	14,353,050	(11,671,554)	14,485,905
\$	<u>15,540,112</u>	<u>\$ (9,797,004)</u>	<u>\$ 14,091,242</u>

This page intentionally left blank

## **Fund Financial Statements**

Balance Sheet  
 Governmental Funds  
 June 30, 2019

	General	Virginia Public Assistance	Debt Service	County Capital Improvements	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 14,945,997	\$ -	\$ -	\$ 108,531	\$ -	\$ 15,054,528
Receivables (net of allowance for uncollectibles):						
Taxes receivable	739,577	-	-	-	-	739,577
Accounts receivable	426,387	13	-	-	-	426,400
Due from other funds	197,443	-	-	-	-	197,443
Due from component unit	500,000	-	-	-	-	500,000
Due from other governmental units	417,771	171,389	-	15,451	88,173	692,784
Inventories	-	-	-	-	3,376	3,376
Restricted assets:						
Cash and cash equivalents	-	-	-	374,169	-	374,169
Investments	-	-	1,264,628	-	-	1,264,628
Total assets	\$ 17,227,175	\$ 171,402	\$ 1,264,628	\$ 498,151	\$ 91,549	\$ 19,252,905
<b>LIABILITIES</b>						
Accounts payable	\$ 352,638	\$ 7,086	\$ -	\$ 2,450	\$ 55,684	\$ 417,858
Overdraft	-	-	5,841	-	-	5,841
Accrued interest payable	-	-	379,878	-	-	379,878
Due to other funds	-	164,316	-	-	33,127	197,443
Total liabilities	\$ 352,638	\$ 171,402	\$ 385,719	\$ 2,450	\$ 88,811	\$ 1,001,020
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue - property taxes	\$ 659,673	\$ -	\$ -	\$ -	\$ -	\$ 659,673
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 3,376	\$ 3,376
Long-term loans and advances	500,000	-	-	-	-	500,000
Restricted:						
Anti-litter	202	-	-	-	-	202
Electronic summons	50,210	-	-	-	-	50,210
Law library	23,644	-	-	-	-	23,644
Drug enforcement	119,338	-	-	-	-	119,338
Courthouse maintenance	56,838	-	-	-	-	56,838
Courthouse security	70,571	-	-	-	-	70,571
Debt service funds - QZABs	-	-	884,750	-	-	884,750
Committed:						
Radio communication network upgrade	-	-	-	4,148	-	4,148
Property acquisition	-	-	-	370,021	-	370,021
Assigned:						
DMV Select	189	-	-	-	-	189
Water safety	2,376	-	-	-	-	2,376
Other capital projects	-	-	-	121,532	-	121,532
Unassigned:						
General fund	15,391,496	-	-	-	-	15,391,496
Special revenue funds	-	-	-	-	(638)	(638)
Debt service funds	-	-	(5,841)	-	-	(5,841)
Total fund balances	\$ 16,214,864	\$ -	\$ 878,909	\$ 495,701	\$ 2,738	\$ 17,592,212
Total liabilities, deferred inflows of resources and fund balances	\$ 17,227,175	\$ 171,402	\$ 1,264,628	\$ 498,151	\$ 91,549	\$ 19,252,905

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, 2019

---

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	17,592,212	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	3,597,824	
Buildings and improvements		10,908,836	
Machinery, equipment, and vehicles		3,925,676	
Intangibles		135,876	
Construction in progress		<u>44,600</u>	18,612,812
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
			659,673
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	644,935	
OPEB related items		<u>108,871</u>	753,806
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	\$	(8,120,001)	
Plus: Premium (discount) on issuance		(216,034)	
General obligation bonds		(4,118,958)	
Plus: Premium on issuance		(33,888)	
Qualified zone academy bonds		(1,141,769)	
Capital lease		(2,028,000)	
Brodnax sewer capacity agreement		(139,776)	
Compensated absences		(614,749)	
Landfill closure/postclosure liability		(648,198)	
Net OPEB liabilities		(1,027,495)	
Net pension liability		(3,043,208)	
Accrued interest payable		<u>(186,461)</u>	(21,318,537)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(707,296)	
OPEB related items		<u>(52,558)</u>	<u>(759,854)</u>
Net position of governmental activities	\$		<u><u>15,540,112</u></u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2019

<b>REVENUES</b>	<b>General</b>	<b>Virginia Public Assistance</b>	<b>Debt Service</b>	<b>County Capital Improvements</b>	<b>Other Govern- mental Funds</b>	<b>Total</b>
General property taxes	\$ 15,910,223	\$ -	\$ -	\$ -	\$ -	\$ 15,910,223
Other local taxes	1,231,660	-	-	-	-	1,231,660
Permits, privilege fees, and regulatory licenses	69,283	-	-	-	-	69,283
Fines and forfeitures	1,489,472	-	-	-	-	1,489,472
Revenue from the use of money and property	103,424	-	41,572	28,461	2,100	175,557
Charges for services	1,077,602	-	-	-	-	1,077,602
Miscellaneous	156,630	1,023	-	-	4,035	161,688
Recovered costs	319,229	-	-	-	74,835	394,064
Intergovernmental:						
Commonwealth	4,118,831	636,979	-	-	584,294	5,340,104
Federal	147,202	1,205,010	60,993	586,110	17,779	2,017,094
Total revenues	<u>\$ 24,623,556</u>	<u>\$ 1,843,012</u>	<u>\$ 102,565</u>	<u>\$ 614,571</u>	<u>\$ 683,043</u>	<u>\$ 27,866,747</u>
<b>EXPENDITURES</b>						
Current:						
General government administration	\$ 1,707,746	\$ -	\$ -	\$ -	\$ -	\$ 1,707,746
Judicial administration	1,664,721	-	-	-	-	1,664,721
Public safety	8,926,927	-	-	-	-	8,926,927
Public works	2,055,753	-	-	-	34,991	2,090,744
Health and welfare	213,410	2,231,369	-	-	852,311	3,297,090
Education	5,802,048	-	-	-	-	5,802,048
Parks, recreation, and cultural	491,594	-	-	-	-	491,594
Community development	594,805	-	-	-	-	594,805
Capital projects	7,500	-	-	5,322,566	-	5,330,066
Debt service:						
Principal retirement	439,209	-	1,344,004	1,906,340	-	3,689,553
Interest and other fiscal charges	348,545	-	265,094	35,235	-	648,874
Issuance costs	-	-	-	169,436	-	169,436
Total expenditures	<u>\$ 22,252,258</u>	<u>\$ 2,231,369</u>	<u>\$ 1,609,098</u>	<u>\$ 7,433,577</u>	<u>\$ 887,302</u>	<u>\$ 34,413,604</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,371,298</u>	<u>\$ (388,357)</u>	<u>\$ (1,506,533)</u>	<u>\$ (6,819,006)</u>	<u>\$ (204,259)</u>	<u>\$ (6,546,857)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ -	\$ 388,357	\$ 792,223	\$ 1,270,682	\$ 279,094	\$ 2,730,356
Transfers out	(2,655,521)	-	-	-	(74,835)	(2,730,356)
Issuance of lease revenue bonds	-	-	-	3,765,000	-	3,765,000
Premium (discount) on issuance of bonds	-	-	-	231,529	-	231,529
Total other financing sources (uses)	<u>\$ (2,655,521)</u>	<u>\$ 388,357</u>	<u>\$ 792,223</u>	<u>\$ 5,267,211</u>	<u>\$ 204,259</u>	<u>\$ 3,996,529</u>
Net change in fund balances	\$ (284,223)	\$ -	\$ (714,310)	\$ (1,551,795)	\$ -	\$ (2,550,328)
Fund balances - beginning	16,499,087	-	1,593,219	2,047,496	2,738	20,142,540
Fund balances - ending	<u>\$ 16,214,864</u>	<u>\$ -</u>	<u>\$ 878,909</u>	<u>\$ 495,701</u>	<u>\$ 2,738</u>	<u>\$ 17,592,212</u>

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



Reconciliation of Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2019

---

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

Net change in fund balances - total governmental funds \$ (2,550,328)

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	\$	5,283,917	
Depreciation		(1,101,999)	
Adjustment for jointly owned assets		(1,138,004)	
Depreciation adjustment for jointly owned assets		<u>377,362</u>	3,421,276

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. 70,490

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 lease revenue bonds	\$	(3,996,528)	
Amortization of premium (discount) on issuance		25,109	
Payment of principal		3,689,553	
Increase in landfill closure/postclosure care liability		<u>(14,573)</u>	(296,439)

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	\$	12,127	
Pension expense		552,546	
OPEB expense		(12,348)	
Accrued interest payable		<u>(10,262)</u>	<u>542,063</u>

Change in net position of governmental activities \$ 1,187,062

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

Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2019

	<u>Agency Funds</u>
<b>ASSETS</b>	
<hr/>	
Cash and cash equivalents	\$ 31,363
Total assets	<u>\$ 31,363</u>
<b>LIABILITIES</b>	
<hr/>	
Amounts held for social services clients	\$ 2,054
Amounts held for others	6,554
Escrow deposits payable	22,755
Total liabilities	<u>\$ 31,363</u>

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

# COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019

---

## **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

#### Government-wide and Fund Financial Statements

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

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

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

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

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

# COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

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

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

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

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

### **B. Individual Component Unit Disclosures**

*Blended Component Unit.* The County has no blended component units to be included for the fiscal year ended June 30, 2019.

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, 2019.

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

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

#### **C. Other Related Organizations**

Included in the County's Financial Report: None

Excluded from the County's Financial Report:

##### Jointly Governed Organizations

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

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

##### Meherrin Regional Library

The Meherrin Regional Library is considered a jointly governed organization and therefore its operations are not included in the County's financial statements. The Counties of Brunswick, 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 2019.

##### 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 \$72,466 as operating grants to the Southside Community Services Board for the fiscal year ended June 30, 2019.

##### 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 \$2,935,334 to the Jail for the fiscal year ended June 30, 2019.

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

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

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

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

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

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

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

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

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

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

**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, 2019.

c. Capital Projects Fund

The Capital Projects Funds account for and report all financial resources that are restricted, committed, or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The county capital improvements fund is considered a major fund.

d. Debt Service Fund

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

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

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

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

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Agency Funds consisting of the special welfare fund, sheriff funds, and the bond escrow fund. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. These funds utilize the accrual basis of accounting.

##### **3. Component Unit:**

The Brunswick County School Board has the following funds:

###### **Governmental Funds:**

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

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

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

**Capital Projects Fund:** Capital projects funds account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

**School Capital Projects Fund** – This fund accounts for all financial resources used for the acquisition or construction of major capital needs. This fund had no activity in fiscal year 2019.

#### **E. Budgets and Budgetary Accounting**

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

1. Prior to March 30, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.



## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

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

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Comprehensive Services Act Fund, VPA Fund, Airport Fund, the General Capital Projects Fund and the Debt Service Fund of the primary government and the School Operating Fund, School Cafeteria Fund and School Capital Projects Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all county units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget. Expenditures in the Health and Welfare and Education functions 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 budget amendments during the year that exceeded the 1% limitation, for which a public hearing was held to approve the purchase of land. 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 \$78,893 will be made into a sinking fund earning interest 2.0% resulting in \$1,536,671 at maturity to satisfy the outstanding obligation.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

**H. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$191,300 at June 30, 2019 and is comprised solely of property taxes.

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

**I. Capital Assets**

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

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

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

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

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

**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. 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 Balance**

The following classifications of fund balance 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.

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.

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

---

**L. Fund Balance: (Continued)**

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.

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.

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

---

**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)**

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

**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. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 87, *Leases*, requires 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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

#### **T. Upcoming Pronouncements: (Continued)**

Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government’s majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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.

#### **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, 2019 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.

cor

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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

The County's and IDA's rated debt investments as of June 30, 2019 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.

<b>Rated Debt Investments' Values</b>	
<b>Rated Debt Investments</b>	<b>Ratings</b>
	<b>AAAm</b>
Governmental Activities:	
Money market mutual funds	\$ 370,021
Local government investment pool	3,744
State Non-Arbitrage Pool	4,148
Total	\$ <u>377,913</u>
	<b>AAAm</b>
Component Unit Industrial Development Authority:	
Local government investment pool	\$ <u>383,391</u>

**Interest Rate Risk**

The County's investment policy concerning interest rate risk stipulates that unless matched to a specific cash flow, the County will not directly invest in securities maturing more than five years from the date of purchase. Reserve funds may be invested in securities exceeding 5 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

<b>Investment Maturities (in years)</b>		
<b>Investment Type</b>	<b>Value</b>	<b>Less Than 1 Year</b>
Governmental Activities:		
Local government investment pool	\$ 3,744	\$ 3,744
State Non-Arbitrage Pool	4,148	4,148
Total	\$ <u>7,892</u>	\$ <u>7,892</u>
Component Unit Industrial Development Authority:		
Local government investment pool	\$ <u>383,391</u>	\$ <u>383,391</u>

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

**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. There are no withdrawal limitations or restrictions imposed on participants.

**Fair Value Measurements**

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

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

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

The County has the following recurring fair value measurements as of June 30, 2019:

	<u>6/30/2019</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets or Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Money Market Mutual Funds	\$ <u>370,021</u>	\$ <u>370,021</u>	\$ <u>-</u>	\$ <u>-</u>

**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.



**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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 2018 were levied by the County Board of Supervisors on June 20, 2018, on the assessed value listed as of January 1, 2018.

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, 2019 consist of the following:

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>			<u>School Board</u>	<u>IDA</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>		
Property taxes	\$ 930,877	\$ -	\$ 930,877	\$ -	\$ -
Allowance for uncollectibles	(191,300)	-	(191,300)	-	-
Net taxes receivable	<u>\$ 739,577</u>	<u>\$ -</u>	<u>\$ 739,577</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts receivable:					
Landfill host fees	\$ 106,875	\$ -	\$ 106,875	\$ -	\$ -
Landfill inspection costs	40,321	-	40,321	-	-
Utility and consumption taxes	24,252	-	24,252	-	-
Courthouse security	18,190	-	18,190	-	-
Court fines	156,734	-	156,734	-	-
Transport billing services	29,864	-	29,864	-	-
Expenditure refunds	-	-	-	5,744	-
Other	50,151	13	50,164	13,729	27,203
Total accounts receivable	<u>\$ 426,387</u>	<u>\$ 13</u>	<u>\$ 426,400</u>	<u>\$ 19,473</u>	<u>\$ 27,203</u>
Leases receivable:					
Social Services	\$ -	\$ -	\$ -	\$ -	\$ 91,150
Ackerman	-	-	-	-	135,991
Total leases receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 227,141</u>

As of June 30, 2019, the Ackerman lease had a past due balance of \$13,952.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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

See Note 22 for further details.

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

At June 30, 2019, the County had receivables from other governments as follows:

	<u>Governmental Activities</u>				<u>Component Units</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>	<u>School Board</u>	<u>IDA</u>
<b>Commonwealth of Virginia:</b>						
Local sales taxes	\$ 25,493	\$ -	\$ -	\$ 25,493	\$ -	-
State sales taxes	-	-	-	-	271,876	-
Communication sales taxes	56,685	-	-	56,685	-	-
Public assistance	-	59,386	-	59,386	-	-
Comprehensive services	-	88,173	-	88,173	-	-
Shared expenses and grants	173,823	-	-	173,823	-	-
Wireless E911 revenues	11,192	-	-	11,192	-	-
Victim witness	31,616	-	-	31,616	-	-
Emergency services	28,444	-	-	28,444	-	-
Tourism Signage	67,585	-	-	67,585	-	-
Other	22,607	-	-	22,607	-	-
<b>Federal government:</b>						
Public assistance	-	112,003	-	112,003	-	-
CDBG funds	-	-	15,451	15,451	-	-
Title I	-	-	-	-	181,554	-
Title VI-B	-	-	-	-	67,613	-
Teacher quality	-	-	-	-	15,875	-
Vocational education	-	-	-	-	42,297	-
Nutrition	-	-	-	-	23,302	-
Preschool	-	-	-	-	24,140	-
Other	326	-	-	326	61,770	-
Total	<u>\$ 417,771</u>	<u>\$ 259,562</u>	<u>\$ 15,451</u>	<u>\$ 692,784</u>	<u>\$ 688,427</u>	<u>\$ -</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 7—Capital Assets:**

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

**Primary Government:**

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 716,374	\$ 2,881,450	\$ -	\$ 3,597,824
Construction in Progress	534,677	1,640,814	2,130,891	44,600
Total capital assets not being depreciated	<u>\$ 1,251,051</u>	<u>\$ 4,522,264</u>	<u>\$ 2,130,891</u>	<u>\$ 3,642,424</u>
Other capital assets:				
Buildings and improvements	\$ 13,531,331	\$ -	\$ -	\$ 13,531,331
Machinery, equipment and vehicles	6,474,344	2,892,544	32,690	9,334,198
Intangibles	344,214	-	-	344,214
Jointly owned assets	6,398,731	-	1,138,004	5,260,727
Total other capital assets	<u>\$ 26,748,620</u>	<u>\$ 2,892,544</u>	<u>\$ 1,170,694</u>	<u>\$ 28,470,470</u>
Accumulated depreciation:				
Buildings and improvements	\$ 5,708,282	\$ 342,254	\$ -	\$ 6,050,536
Machinery, equipment and vehicles	4,690,525	750,687	32,690	5,408,522
Intangibles	199,280	9,058	-	208,338
Jointly owned assets	2,210,048	471,150	848,512	1,832,686
Total accumulated depreciation	<u>\$ 12,808,135</u>	<u>\$ 1,573,149</u>	<u>\$ 881,202</u>	<u>\$ 13,500,082</u>
Other capital assets, net	<u>\$ 13,940,485</u>	<u>\$ 1,319,395</u>	<u>\$ 289,492</u>	<u>\$ 14,970,388</u>
Net capital assets	<u>\$ 15,191,536</u>	<u>\$ 5,841,659</u>	<u>\$ 2,420,383</u>	<u>\$ 18,612,812</u>

Capital assets include idle assets with a carrying value of \$3,974 as of June 30, 2019.

Depreciation is allocated to:

General government administration	\$ 242,806
Judicial administration	4,243
Public safety	629,127
Public works	129,258
Health and welfare	22,220
Education	471,150
Parks and recreation	74,345
Total	<u>\$ 1,573,149</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

**Component Unit—School Board:**

	<b>Balance July 1, 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2019</b>
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	\$ 2,426,058	\$ -	\$ 11,742,732
Machinery, equipment and vehicles	5,975,905	78,912	-	6,054,817
Jointly owned assets	6,097,741	1,138,004	2,426,058	4,809,687
Total other capital assets	\$ 21,390,320	\$ 3,642,974	\$ 2,426,058	\$ 22,607,236
Accumulated depreciation:				
Buildings and improvements	\$ 6,434,384	\$ 1,437,446	\$ -	\$ 7,871,830
Machinery, equipment and vehicles	4,950,402	281,036	-	5,231,438
Jointly owned assets	2,271,273	255,193	848,512	1,677,954
Total accumulated depreciation	\$ 13,656,059	\$ 1,973,675	\$ 848,512	\$ 14,781,222
Other capital assets, net	\$ 7,734,261	\$ 1,669,299	\$ 1,577,546	\$ 7,826,014
Net capital assets	\$ 7,760,083	\$ 1,669,299	\$ 1,577,546	\$ 7,851,836
Depreciation is allocated to education		\$ 1,973,675		

- 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, 2019, is that school financed assets in the amount of \$3,428,041 net are reported in the Primary Government for financial reporting purposes.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

**Component Unit-Industrial Development Authority:**

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 39,142	\$ -	\$ -	\$ 39,142
Other capital assets:				
Buildings	\$ 199,098	\$ -	\$ -	\$ 199,098
Improvements	26,022	-	-	26,022
Machinery, equipment and vehicles	16,019	-	-	16,019
Total other capital assets	<u>\$ 241,139</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,139</u>
Accumulated depreciation:				
Buildings	\$ 93,329	\$ 5,105	\$ -	\$ 98,434
Improvements	26,022	-	-	26,022
Machinery, equipment and vehicles	13,907	960	-	14,867
Total accumulated depreciation	<u>\$ 133,258</u>	<u>\$ 6,065</u>	<u>\$ -</u>	<u>\$ 139,323</u>
Other capital assets, net	<u>\$ 107,881</u>	<u>\$ (6,065)</u>	<u>\$ -</u>	<u>\$ 101,816</u>
Net capital assets	<u>\$ 147,023</u>	<u>\$ (6,065)</u>	<u>\$ -</u>	<u>\$ 140,958</u>
Depreciation is allocated to the Industrial Development Authority			<u>\$ 6,065</u>	

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

The government’s unavailable and unearned revenue consist of the following at June 30, 2019:

	<u>Government-wide Statements</u>		
	<u>Governmental Activities</u>	<u>Component Unit Industrial Development Authority</u>	<u>Balance Sheet Governmental Funds</u>
<b>Primary Government:</b>			
Unavailable property tax revenue:			
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	\$ -	\$ -	\$ 659,673
<b>Component Unit Industrial Development Authority:</b>			
Deferred gain on sale-leaseback:			
Long-term profit on sale of building amortized annually through 2022	\$ -	\$ 12,834	\$ -

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 9—Long-Term Obligations:**

The following is a summary of long-term obligation transactions for the County for the year ended June 30, 2019.

	<u>Balance July 1, 2018</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2019</u>
Primary Government:				
Bonds payable (direct borrowings and direct placements):				
Lease revenue bonds	\$ 6,569,814	\$ 3,765,000	\$ 2,214,813	\$ 8,120,001
Premium on issuance	-	245,522	16,204	229,318
Discount on issuance	-	(13,994)	(710)	(13,284)
General obligation bonds:				
School	4,585,502	-	466,544	4,118,958
Premium on issuance	43,503	-	9,615	33,888
Qualified Zone Academy Bonds	1,813,229	-	671,460	1,141,769
Total bonds payable	<u>\$ 13,012,048</u>	<u>\$ 3,996,528</u>	<u>\$ 3,377,926</u>	<u>\$ 13,630,650</u>
Capital lease - radio communication network	2,150,000	-	122,000	2,028,000
Early retirement incentive costs	206,000	-	206,000	-
Sewer capacity agreement	148,512	-	8,736	139,776
Compensated absences	626,876	-	12,127	614,749
Landfill closure/postclosure liability	633,625	14,573	-	648,198
Net OPEB liabilities	938,699	202,655	113,859	1,027,495
Net pension liability	<u>3,755,236</u>	<u>1,715,757</u>	<u>2,427,785</u>	<u>3,043,208</u>
Total obligations from governmental activities	<u>\$ 21,470,996</u>	<u>\$ 5,929,513</u>	<u>\$ 6,268,433</u>	<u>\$ 21,132,076</u>
Component Units:				
School Board				
Capital lease - buses	\$ 312,585	-	\$ 76,113	\$ 236,472
Compensated absences	552,922	-	72,576	480,346
Net OPEB liabilities	3,015,832	367,803	479,351	2,904,284
Net pension liability	15,033,000	3,137,000	4,636,000	13,534,000
Total payable from School Board	<u>\$ 18,914,339</u>	<u>\$ 3,504,803</u>	<u>\$ 5,264,040</u>	<u>\$ 17,155,102</u>
Industrial Development Authority				
Town of Lawrenceville loan agreement	\$ 50,592	-	\$ 50,592	-
Net OPEB liability	10,000	-	4,000	6,000
Total payable from IDA	<u>\$ 60,592</u>	<u>\$ -</u>	<u>\$ 54,592</u>	<u>\$ 6,000</u>
Total obligations from component units	<u>\$ 18,974,931</u>	<u>\$ 3,504,803</u>	<u>\$ 5,318,632</u>	<u>\$ 17,161,102</u>
Total long-term obligations	<u>\$ 40,445,927</u>	<u>\$ 9,434,316</u>	<u>\$ 11,587,065</u>	<u>\$ 38,293,178</u>

Reconciliation to Exhibit 1:

	<u>Component Units</u>			<u>Total</u>
	<u>Primary Government</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	
Long-term liabilities:				
Due within one year	\$ 1,134,755	\$ 125,488	\$ -	\$ 1,260,243
Due in more than one year	19,997,321	17,029,614	6,000	37,032,935
Total long-term obligations	<u>\$ 21,132,076</u>	<u>\$ 17,155,102</u>	<u>\$ 6,000</u>	<u>\$ 38,293,178</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

**Primary Government:**

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

<b>Year Ending June 30,</b>	<b>Direct Borrowings and Placements</b>		<b>Capital leases</b>		<b>Sewer Agreement</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 945,544	\$ 568,069	\$ 119,000	\$ 60,637	\$ 8,736	\$ -
2021	2,102,520	520,466	122,000	57,079	8,736	-
2022	991,609	484,897	126,000	53,431	8,736	-
2023	1,012,811	447,216	130,000	49,664	8,736	-
2024	1,039,160	408,021	134,000	45,777	8,736	-
2025-2029	4,408,846	1,457,069	731,000	166,394	43,680	-
2030-2034	3,130,160	443,446	666,000	50,531	43,680	-
2035	-	-	-	-	8,736	-
<b>Total</b>	<b>\$ 13,630,650</b>	<b>\$ 4,329,184</b>	<b>\$ 2,028,000</b>	<b>\$ 483,513</b>	<b>\$ 139,776</b>	<b>\$ -</b>

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

**School Board:**

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

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 77,453	\$ 4,162
2021	78,816	2,799
2022	80,203	1,412
<b>Total</b>	<b>\$ 236,472</b>	<b>\$ 8,373</b>

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

#### **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.

#### **Events of Default:**

Upon the occurrence and continuation of an Event of Default for lease revenue bonds, the entire unpaid amount due can be demanded and with a possibility of the lender taking possession of the associated real estate and improvements.

In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.

The bank holds a lien on securities held within the Sinking Fund for QZAB bonds. In an event of default by the bank, the issuer has the right to declare the entire balance of the deposit and all accrued and unpaid interest due and payable. If default is due to bankruptcy, the entire balance of the Deposit and all accrued and unpaid interest thereon shall immediately become due and payable without notice of any kind. In an event of default by the issuer, which has not been cured within 10 days of the applicable deposit date, the Bank has right to terminate agreement and demand payment of a positive termination amount within one business day and payment of absolute value of negative termination amount upon the bank's demand.

#### **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 6/30/19 was \$35,795,000.



COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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
<b>Primary Government:</b>							
Lease revenue bonds:							
Direct Borrowings and Direct Placements:							
Old Courthouse Renovation Refunding	4.443%-5.125%	11/14/2018	Annual	10/1/2030	\$ 1,750,000	\$ 1,750,000	\$ 110,000
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	245,552	229,319	33,971
Property Acquisition (Adirondack, Airport, Timmons)	2.911%-4.404%	11/14/2018	Annual	10/1/2033	2,015,000	2,015,000	105,000
Unamortized discount on Issuance	n/a	n/a	n/a	n/a	(13,994)	(13,284)	(1,499)
Rt. 58 Infrastructure	.720%-5.121%	11/20/2013	Annual	10/1/2033	5,175,000	4,355,000	215,000
Total lease revenue bonds						\$ 8,336,035	\$ 462,472
General obligation school bonds:							
Direct Borrowings and Direct Placements:							
School bonds	3.10%-5.35%	11/6/2003	Annual	7/15/2023	\$ 1,388,892	\$ 418,149	\$ 78,986
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	n/a	6,066	2,133
School bonds	4.225%-5.100%	11/9/2006	Annual	7/15/2016	6,009,753	2,730,809	315,636
Unamortized premium on Issuance	n/a	n/a	n/a	n/a	n/a	27,822	6,317
School bonds	4.25%	* 12/1/2011	Annual	n/a	1,530,000	970,000	80,000
Net general obligation school bonds		* To be refunded by Federal Tax Credit				\$ 4,152,846	\$ 483,072
School construction bonds (Qualified Zone Academy Bonds):							
Direct Borrowings and Direct Placements:							
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		\$ 1,141,769	\$ -
Other Obligations:							
Capital lease - radio communications network	2.99% *	3/9/2018	Annual	2/1/2033	\$ 2,150,000	\$ 2,028,000	\$ 119,000
	* 10 Year Interest Rate - Reset at 2/1/28 (based on Prime less 1.51% with a floor of 2.99%)						
Town of Broadnax sewer capacity agreement	** n/a	1997	Monthly	6/2035	344,214	139,776	8,736
	** To purchase 20,000 gpd of sewer capacity						
Compensated absences	n/a	n/a	n/a	n/a	n/a	614,749	61,475
Landfill closure/postclosure liability	n/a	n/a	n/a	n/a	n/a	648,198	-
Net OPEB liabilities	n/a	n/a	n/a	n/a	n/a	1,027,495	-
Net pension liability	n/a	n/a	n/a	n/a	n/a	3,043,208	-
Total Other Obligations						\$ 7,501,426	\$ 189,211
Total long-term obligations, Primary Government						\$ 21,132,076	\$ 1,134,755
<b>Component Unit School Board:</b>							
Other Obligations:							
Capital lease - buses	1.76%	8/4/2017	Annual	7/26/2021	\$ 394,200	\$ 236,472	\$ 77,453
Compensated absences	n/a	n/a	n/a	n/a	n/a	480,346	48,035
Net OPEB liabilities	n/a	n/a	n/a	n/a	n/a	2,904,284	-
Net pension liability	n/a	n/a	n/a	n/a	n/a	13,534,000	-
Total long-term obligations, Component Unit School Board						\$ 17,155,102	\$ 125,488
<b>Component Unit Industrial Development Authority:</b>							
Other Obligations:							
Net OPEB liability						\$ 6,000	\$ -
Total Other Obligations						\$ 6,000	\$ -

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### Note 10—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, 2019 were as follows:

<u>Purpose</u>	<u>Contract Amount</u>	<u>Spent to Date</u>	<u>Balance of Contract</u>
Flat Rock Road Housing Rehab. Project	\$ 164,028	\$ 99,563	\$ 64,465
Convenience Center	314,888	44,600	270,288
Total	<u>\$ 478,916</u>	<u>\$ 144,163</u>	<u>\$ 334,753</u>

### 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.

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### **Note 13–Litigation:**

---

At June 30, 2019, 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 \$22,000 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 2019. The County has the responsibility of a prudent investor in regard 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 Plans:**

---

#### ***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.

#### ***Benefit Structures***

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, as detailed below.

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of creditable service or age 50 with at least 30 years of creditable service. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of creditable service or age 50 with at least 25 years of creditable service. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of creditable service.

**Note 15—Pension Plans: (Continued)**

---

***Benefit Structures: (Continued)***

- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of creditable service, or when the sum of their age and service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of creditable service. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total creditable service. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.7% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier 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.

***Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits***

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of creditable service are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### Note 15—Pension Plans: (Continued)

---

#### **Employees Covered by Benefit Terms**

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>	<u>Component Unit School Board Nonprofessional</u>
Inactive members or their beneficiaries currently receiving benefits	68	41
Inactive members:		
Vested inactive members	13	1
Non-vested inactive members	20	8
Inactive members active elsewhere in VRS	<u>52</u>	<u>5</u>
Total inactive members	85	14
Active members	<u>119</u>	<u>44</u>
Total covered employees	<u><u>272</u></u>	<u><u>99</u></u>

#### **Contributions**

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required employer contribution rate for the year ended June 30, 2019 was 10.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$582,417 and \$556,442 for the years ended June 30, 2019 and June 30, 2018, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2019 was 2.09% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$18,019 and \$43,035 for the years ended June 30, 2019 and June 30, 2018, respectively.

# COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

## Note 15—Pension Plans: (Continued)

---

### **Net Pension Liability (Asset)**

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liability and (asset) were measured as of June 30, 2018. The total pension liabilities used to calculate the net pension liability and (asset) were determined by an actuarial valuation performed as of June 30, 2017 and rolled forward to the measurement date of June 30, 2018.

### **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, 2017, 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, 2018.

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.

# COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

## Note 15—Pension Plans: (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, 2017 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%

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**Note 15—Pension Plans: (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, 2017, 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, 2018.

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.



**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15–Pension Plans: (Continued)**

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

Mortality rates: (Continued)

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.

The actuarial assumptions used in the June 30, 2017 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%

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15–Pension Plans: (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:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return</b>
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%
<b>Total</b>	<b>100.00%</b>		<b>4.80%</b>
		Inflation	2.50%
		*Expected arithmetic nominal return	<b>7.30%</b>

\* 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. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2018,

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15—Pension Plans: (Continued)**

**Discount Rate: (Continued)**

the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in Net Pension Liability (Asset)**

	<b>Primary Government</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2017	\$ 21,673,125	\$ 17,917,889	\$ 3,755,236
Changes for the year:			
Service cost	\$ 508,828	\$ -	\$ 508,828
Interest	1,487,495	-	1,487,495
Differences between expected and actual experience	(578,884)	-	(578,884)
Contributions - employer	-	556,887	(556,887)
Contributions - employee	-	255,282	(255,282)
Net investment income	-	1,329,783	(1,329,783)
Benefit payments, including refunds of employee contributions	(846,407)	(846,407)	-
Administrative expenses	-	(11,293)	11,293
Other changes	-	(1,192)	1,192
Net changes	\$ 571,032	\$ 1,283,060	\$ (712,028)
Balances at June 30, 2018	\$ 22,244,157	\$ 19,200,949	\$ 3,043,208

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15—Pension Plans: (Continued)**

***Changes in Net Pension Liability (Asset)***

	<b>Component School Board (nonprofessional)</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2017	\$ 5,191,675	\$ 5,433,384	\$ (241,709)
Changes for the year:			
Service cost	\$ 113,271	\$ -	\$ 113,271
Interest	351,797	-	351,797
Differences between expected and actual experience	(310,220)	-	(310,220)
Contributions - employer	-	42,055	(42,055)
Contributions - employee	-	53,456	(53,456)
Net investment income	-	394,511	(394,511)
Benefit payments, including refunds of employee contributions	(332,012)	(332,012)	-
Administrative expenses	-	(3,532)	3,532
Other changes	-	(347)	347
Net changes	\$ (177,164)	\$ 154,131	\$ (331,295)
Balances at June 30, 2018	\$ 5,014,511	\$ 5,587,515	\$ (573,004)

***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:

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>(6.00%)</b>	<b>Discount (7.00%)</b>	<b>(8.00%)</b>
County Net Pension Liability	\$ 6,123,803	\$ 3,043,208	\$ 498,248
Component Unit School Board (nonprofessional) Net Pension Liability (Asset)	\$ (19,457)	\$ (573,004)	\$ (1,044,395)

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15—Pension Plans: (Continued)**

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

For the year ended June 30, 2019, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$30,316 and (\$273,901), respectively. At June 30, 2019, 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	\$ 62,518	\$ 539,532	\$ -	\$ 204,786
Changes in assumptions	-	13,650	-	12,337
Net difference between projected and actual earnings on pension plan investments	-	154,114	-	41,920
Employer contributions subsequent to the measurement date	582,417	-	18,019	-
Total	\$ 644,935	\$ 707,296	\$ 18,019	\$ 259,043

\$582,417 and \$18,019 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, 2020. 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)
2020	\$ (200,693)	\$ (119,912)
2021	(164,863)	(78,792)
2022	(263,788)	(55,820)
2023	(15,434)	(4,519)
Thereafter	-	-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### **Note 15—Pension Plans: (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 related to the plan description is included 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, 2017. 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 \$1,378,861 and \$1,544,432 for the years ended June 30, 2019 and June 30, 2018, respectively.

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

At June 30, 2019, the school division reported a liability of \$13,534,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2018 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, 2018, the school division's proportion was .11508% as compared to .12224% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized pension expense of \$122,000. 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.

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15–Pension Plans: (Continued)**

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

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,157,000
Change in assumptions	162,000	-
Net difference between projected and actual earnings on pension plan investments	-	287,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,486,000
Employer contributions subsequent to the measurement date	<u>1,378,861</u>	<u>-</u>
Total	<u>\$ 1,540,861</u>	<u>\$ 2,930,000</u>

\$1,378,861 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, 2020. 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:

<b><u>Year ended June 30</u></b>	
2020	\$ (758,000)
2021	(652,000)
2022	(839,000)
2023	(378,000)
2024	(141,000)

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**Note 15—Pension Plans: (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, 2017, 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, 2018.

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 75 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.



**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15–Pension Plans: (Continued)**

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

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

The actuarial assumptions used in the June 30, 2017 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, 2018, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<b><u>Teacher Employee Retirement Plan</u></b>
Total Pension Liability	\$ 46,679,555
Plan Fiduciary Net Position	<u>34,919,563</u>
Employers' Net Pension Liability	<u>\$ 11,759,992</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%

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.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 15–Pension Plans: (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:

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(6.00%)</b>	<b>(7.00%)</b>	<b>(8.00%)</b>
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability	\$ 20,673,000	\$ 13,534,000	\$ 7,625,000

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Primary Government and Component Unit School Board (professional)**

***Aggregate Pension Information***

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Net Pension Liability (Asset)</b>	<b>Pension Expense</b>
Primary Government:				
VRS Pension Plans	\$ 644,935	\$ 707,296	\$ 3,043,208	\$ 30,316
Component Unit School Board:				
VRS Pension Plans:				
School Board Nonprofessional	\$ 18,019	\$ 259,043	\$ (573,004)	\$ (273,901)
School Board Professional	1,540,861	2,930,000	13,534,000	122,000
Totals	\$ 1,558,880	\$ 3,189,043	\$ 12,960,996	\$ (151,901)

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

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

### **Note 17—Other Postemployment Benefits - Virginia Retirement System Cost-Sharing Plans:**

---

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

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

The Group Life Insurance (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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI 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 GLI 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 GLI Program OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is described below:

##### ***Eligible Employees***

The GLI Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

##### ***Benefit Amounts***

The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts 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. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and was increased to \$8,279 effective July 1, 2018.

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### **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 GLI 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 GLI 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, 2019 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 GLI Program from the County, Component Unit School Board (nonprofessional), and Component Unit School Board (professional) were \$31,041 and \$27,813, \$5,599 and \$5,844, and \$46,833 and \$48,411 for the years ended June 30, 2019 and June 30, 2018, respectively.

##### ***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB***

At June 30, 2019, the County, Component Unit School Board (nonprofessional), and Component Unit School Board (professional) reported a liability of \$427,000, \$90,000, and \$743,000, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2018 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 GLI Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the County's, Component Unit School Board (nonprofessional), and Component Unit School Board (professional) proportion was .02813%, .00591%, and .04896%, respectively as compared to .02605%, .00617%, and .05247% at June 30, 2017.

For the year ended June 30, 2019, the County, Component Unit School Board (nonprofessional), and Component Unit School Board (professional) recognized GLI OPEB expense of \$10,000, \$0, and \$(5,000), 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.

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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 GLI Program OPEB: (Continued)***

At June 30, 2019, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><u>Primary Government</u></b>		
Differences between expected and actual experience	\$ 21,000	\$ 7,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	14,000
Change in assumptions	-	18,000
Changes in proportion	40,000	-
Employer contributions subsequent to the measurement date	31,041	-
Total	<u>\$ 92,041</u>	<u>\$ 39,000</u>
<b><u>School Board - Nonprofessional</u></b>		
Differences between expected and actual experience	\$ 4,000	\$ 1,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	3,000
Change in assumptions	-	4,000
Changes in proportion	-	3,000
Employer contributions subsequent to the measurement date	5,599	-
Total	<u>\$ 9,599</u>	<u>\$ 11,000</u>
<b><u>School Board - Professional</u></b>		
Differences between expected and actual experience	\$ 36,000	\$ 14,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	24,000
Change in assumptions	-	31,000
Changes in proportion	-	54,000
Employer contributions subsequent to the measurement date	46,833	-
Total	<u>\$ 82,833</u>	<u>\$ 123,000</u>

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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 GLI Program OPEB (Continued)***

\$31,041, \$5,599, and \$46,833 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, 2020. 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>School Board (nonprofessional)</u>	<u>School Board (professional)</u>
2020	\$ 1,000	\$ (2,000)	\$ (21,000)
2021	1,000	(2,000)	(21,000)
2022	1,000	(3,000)	(21,000)
2023	5,000	-	(14,000)
2024	9,000	-	(7,000)
Thereafter	5,000	-	(3,000)

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2017, 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, 2018. The assumptions include several employer groups as noted below. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**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, 2017 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

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**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, 2017 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%



**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**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, 2017 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.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**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, 2017 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.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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, 2017 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 GLI Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2018, NOL amounts for the GLI Program are follows (amounts expressed in thousands):

	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 3,113,508
Plan Fiduciary Net Position	1,594,773
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,518,735</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	51.22%

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.

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

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

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

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Program was 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. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC 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 HIC Program OPEB, including eligibility, coverage, and benefits is described below:

##### ***Eligible Employees***

The Teacher Employee Retiree HIC 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 include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

##### ***Benefit Amounts***

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 Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. 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.

##### ***HIC Program Notes***

The monthly HIC 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 HIC 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, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 HIC Program were \$104,997 and \$114,311 for the years ended June 30, 2019 and June 30, 2018, respectively.

***Teacher Employee HIC Program OPEB Liabilities, Teacher Employee HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Program OPEB***

At June 30, 2019, the school division reported a liability of \$1,459,000 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee HIC Program was .11491% as compared to .12248% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$103,000. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

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

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

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 7,000
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	1,000
Change in assumptions	-	13,000
Changes in proportion	-	103,000
Employer contributions subsequent to the measurement date	<u>107,997</u>	<u>-</u>
Total	<u>\$ 107,997</u>	<u>\$ 124,000</u>

\$107,997 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, 2020. 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**

2020	\$	(20,000)
2021		(20,000)
2022		(20,000)
2023		(19,000)
2024		(19,000)
Thereafter		(26,000)

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**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 HIC Program was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Inflation	2.5%
Salary increases, including inflation	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.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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, 2017 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 HIC 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, 2018, NOL amounts for the VRS Teacher Employee HIC Program is as follows (amounts expressed in thousands):

		<b>Teacher Employee HIC OPEB Plan</b>
		<hr/>
Total Teacher Employee HIC OPEB Liability	\$	1,381,313
Plan Fiduciary Net Position		111,639
Teacher Employee net HIC OPEB Liability (Asset)	\$	<hr/> <hr/> 1,269,674
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		8.08%

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.



**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
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	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

\*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 ended June 30, 2018, 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, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue 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.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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:

<b>Proportionate Share of GLI Program Net OPEB Liability</b>	<b>Rate</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount (7.00%)</b>	<b>1% Increase (8.00%)</b>
Primary Government	\$ 558,000	\$ 427,000	\$ 320,000
School Board (nonprofessional)	118,000	90,000	68,000
School Board (professional)	972,000	743,000	558,000

	<b>Rate</b>		
	<b>1% Decrease (6.00%)</b>	<b>Current Discount (7.00%)</b>	<b>1% Increase (8.00%)</b>
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,630,000	\$ 1,459,000	\$ 1,314,000

***Group Life Insurance and Teacher HIC Program Fiduciary Net Position***

Detailed information about the Group Life Insurance and Teacher HIC Program’s Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

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

The Political Subdivision Health Insurance Credit (HIC) Program was 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. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC 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 HIC Program OPEB, including eligibility, coverage and benefits described below:

#### ***Eligible Employees***

The Political Subdivision Retiree HIC Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

#### ***Benefit Amounts***

The Political Subdivision Retiree HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. 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. 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.

#### ***HIC Program Notes***

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC 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 HIC as a retiree.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

***Employees Covered by Benefit Terms***

As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	14
Active members	<u>44</u>
Total covered employees	<u><u>58</u></u>

***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, 2019 was .54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 HIC Program were \$5,782 and \$6,354 for the years ended June 30, 2019 and June 30, 2018, respectively.

***Net HIC OPEB Liability***

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

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**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, 2017, 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, 2018.

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.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**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, 2017 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.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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, 2017 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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
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%.

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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 ended June 30, 2018, 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, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, employers are assumed to continue 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, 2017	\$ 116,608	\$ 48,442	\$ 68,166
Changes for the year:			
Service cost	\$ 1,944	\$ -	\$ 1,944
Interest	7,897	-	7,897
Differences between expected and actual experience	(4,184)	-	(4,184)
Contributions - employer	-	6,354	(6,354)
Net investment income	-	3,403	(3,403)
Benefit payments	(7,579)	(7,579)	-
Administrative expenses	-	(79)	79
Other changes	-	(247)	247
Net changes	\$ (1,922)	\$ 1,852	\$ (3,774)
Balances at June 30, 2018	\$ 114,686	\$ 50,294	\$ 64,392



COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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 HIC 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	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
School Board's Net HIC OPEB Liability	\$ 75,059	\$ 64,392	\$ 55,135

***HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB***

For the year ended June 30, 2019, the School Board recognized HIC Program OPEB expense of \$4,739. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board’s HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,260
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,224
Change in assumptions	-	1,947
Employer contributions subsequent to the measurement date	5,782	-
<b>Total</b>	<b>\$ 5,782</b>	<b>\$ 6,431</b>

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

***HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB: (Continued)***

\$5,782 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, 2020. 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:

<u>Year Ended June 30</u>		
2020	\$	(2,091)
2021		(2,091)
2022		(1,747)
2023		(502)

***HIC Program Plan Data***

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-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.

# COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

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

---

### *Plan Membership*

At July 1, 2019, the following employees were covered by the benefit terms:

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

### *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, 2019 was \$19,301 and \$33,432, respectively.

### *Total OPEB Liability*

The County and School Board's total OPEB liability was measured as of June 30, 2019. 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, 2019.

### *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, 2019;
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, 2019;

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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.

Significant assumptions were based on the most recent experience study performed by VRS which examined actual VRS experience over 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, 2018 and June 30, 2019.

**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**

	<u>Primary Government</u> <u>Total OPEB Liability</u>	<u>School Board</u> <u>Total OPEB Liability</u>
Balances at June 30, 2018	\$ 545,699	\$ 511,666
Changes for the year:		
Service cost	31,107	37,034
Interest	21,952	20,594
Changes in assumptions	21,038	12,030
Benefit payments	(19,301)	(33,432)
Net changes	<u>54,796</u>	<u>36,226</u>
Balances at June 30, 2019	<u>\$ 600,495</u>	<u>\$ 547,892</u>

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**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:

		<b>Rate</b>		
		<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
Primary Government	\$	661,862	\$ 600,495	\$ 545,634
School Board		580,210	547,892	515,491

***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):

		<b>Rates</b>		
		<b>1% Decrease</b>	<b>Healthcare Cost Trend</b>	<b>1% Increase</b>
Primary Government	\$	518,047	\$ 600,495	\$ 699,967
School Board		480,063	547,892	627,425

***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, 2019, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Primary Government</b>		<b>School Board</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 16,830	\$ 13,558	\$ 9,166	\$ 7,134
Total	<u>\$ 16,830</u>	<u>\$ 13,558</u>	<u>\$ 9,166</u>	<u>\$ 7,134</u>

COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

**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:

<u>Year Ended June 30</u>		<u>Primary Government</u>		<u>School Board</u>
2020	\$	818	\$	634
2021		818		634
2022		818		634
2023		818		130

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, 2019 was \$33,210.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

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

**Primary Government and Component Unit School Board**

***Aggregate OPEB Information***

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability (Asset)</u>	<u>OPEB Expense</u>
OPEB Plans:				
Primary Government:				
GLI	\$ 92,041	\$ 39,000	\$ 427,000	\$ 10,000
Retiree Medical	16,830	13,558	600,495	53,877
Totals	<u>\$ 108,871</u>	<u>\$ 52,558</u>	<u>\$ 1,027,495</u>	<u>\$ 63,877</u>
Component Unit School Board:				
GLI	\$ 9,599	\$ 11,000	\$ 90,000	\$ -
Teacher GLI	82,833	123,000	743,000	(5,000)
HIC	5,782	6,431	64,392	4,739
Teacher HIC	107,997	124,000	1,459,000	103,000
Retiree Medical	9,166	7,134	547,892	58,262
Totals	<u>\$ 215,377</u>	<u>\$ 271,565</u>	<u>\$ 2,904,284</u>	<u>\$ 161,001</u>

**Note 20—Surety Bond Information:**

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

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Financial Statements  
As of June 30, 2019 (Continued)

**Note 21—Interfund Balances and Transfers:**

Interfund balances and transfers for the year ended June 30, 2019, consisted of the following:

	<u>Due To</u>	<u>Due From</u>	<u>Net</u>
Primary Government:			
General Fund	\$ -	\$ 197,443	\$ (197,443)
VPA Fund	164,316	-	164,316
Airport Fund	42	-	42
CSA Fund	33,085	-	33,085
Total Primary Government	<u>\$ 197,443</u>	<u>\$ 197,443</u>	<u>\$ -</u>
Component Unit:			
IDA	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
Primary Government:			
General Fund	\$ -	\$ 2,655,521	\$ (2,655,521)
VPA Fund	388,357	-	388,357
Debt Service Fund	792,223	-	792,223
Capital Projects Fund	1,270,682	-	1,270,682
Airport Fund	19,946	74,835	(54,889)
CSA Fund	259,148	-	259,148
Total Governmental Activities	<u>\$ 2,730,356</u>	<u>\$ 2,730,356</u>	<u>\$ -</u>
Total Primary Government	<u>\$ 2,730,356</u>	<u>\$ 2,730,356</u>	<u>\$ -</u>

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

**Note 22—Intergovernmental and Industrial Agreements—Industrial Development Authority:**

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).



## COUNTY OF BRUNSWICK, VIRGINIA

Notes to Financial Statements  
As of June 30, 2019 (Continued)

---

### **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 \$648,198 reported as landfill postclosure care liability at June 30, 2019 represents the estimated remaining amount of postclosure monitoring costs required, including corrective action costs of \$364,328 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. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements* during the fiscal year ended June 30, 2019. This Statement clarifies which liabilities governments should include when disclosing information related to debt. It also requires that additional essential information related to debt be disclosed in notes to financial statements. No restatement was required as a result of this implementation.

### **Note 25—Subsequent Events**

---

On December 11, 2019, the Board of Supervisors approved a budget amendment in the amount of \$1,460,00 for economic development purposes to include purchase price of \$730,000 and building improvements up to \$730,000 for the Atlantic Recycling Technologies, LLC (Fiberight) building. The Virginia Tobacco Region Revitalization Commission has awarded the County up to \$730,000 to support 50% of the total cost of acquisition and improvements.

At the same meeting, the Board also approved an option agreement for potential purchase of ~14.64 acres, bearing tax map numbers 91-10 and 95-5 for the initial option price of \$5,000 based on a purchase price of \$450,000 for the property.

This page intentionally left blank

## **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.

General Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
General property taxes	\$ 14,477,500	\$ 14,477,500	\$ 15,910,223	\$ 1,432,723
Other local taxes	1,475,000	1,475,000	1,231,660	(243,340)
Permits, privilege fees, and regulatory licenses	70,600	70,600	69,283	(1,317)
Fines and forfeitures	1,325,475	1,390,475	1,489,472	98,997
Revenue from the use of money and property	45,900	45,900	103,424	57,524
Charges for services	742,750	810,446	1,077,602	267,156
Miscellaneous	51,154	109,281	156,630	47,349
Recovered costs	290,345	290,345	319,229	28,884
Intergovernmental:				
Commonwealth	4,208,259	4,325,162	4,118,831	(206,331)
Federal	40,000	40,000	147,202	107,202
Total revenues	<u>\$ 22,726,983</u>	<u>\$ 23,034,709</u>	<u>\$ 24,623,556</u>	<u>\$ 1,588,847</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 1,674,768	\$ 1,741,642	\$ 1,707,746	\$ 33,896
Judicial administration	1,690,424	1,708,091	1,664,721	43,370
Public safety	8,728,027	8,969,000	8,926,927	42,073
Public works	1,815,252	2,121,925	2,055,753	66,172
Health and welfare	193,792	193,792	213,410	(19,618)
Education	5,505,362	5,778,423	5,802,048	(23,625)
Parks, recreation, and cultural	343,725	532,620	491,594	41,026
Community development	584,104	687,533	594,805	92,728
Capital projects	7,500	7,500	7,500	-
Debt service:				
Principal retirement	472,736	472,291	439,209	33,082
Interest and other fiscal charges	319,954	320,398	348,545	(28,147)
Total expenditures	<u>\$ 21,335,644</u>	<u>\$ 22,533,215</u>	<u>\$ 22,252,258</u>	<u>\$ 280,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,391,339</u>	<u>\$ 501,494</u>	<u>\$ 2,371,298</u>	<u>\$ 1,869,804</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>\$ (2,150,998)</u>	<u>\$ (3,077,129)</u>	<u>\$ (2,655,521)</u>	<u>\$ 421,608</u>
Total other financing sources (uses)	<u>\$ (2,150,998)</u>	<u>\$ (3,077,129)</u>	<u>\$ (2,655,521)</u>	<u>\$ 421,608</u>
Net change in fund balances	\$ (759,659)	\$ (2,575,635)	\$ (284,223)	\$ 2,291,412
Fund balances - beginning	-	1,817,976	16,499,087	14,681,111
Fund balances - ending	<u>\$ (759,659)</u>	<u>\$ (757,659)</u>	<u>\$ 16,214,864</u>	<u>\$ 16,972,523</u>

Virginia Public Assistance Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Miscellaneous	\$ -	\$ -	\$ 1,023	\$ 1,023
Intergovernmental:				
Commonwealth	614,103	659,367	636,979	(22,388)
Federal	1,086,252	1,086,252	1,205,010	118,758
Total revenues	<u>\$ 1,700,355</u>	<u>\$ 1,745,619</u>	<u>\$ 1,843,012</u>	<u>\$ 97,393</u>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	\$ 2,184,005	\$ 2,229,269	\$ 2,231,369	\$ (2,100)
Total expenditures	<u>\$ 2,184,005</u>	<u>\$ 2,229,269</u>	<u>\$ 2,231,369</u>	<u>\$ (2,100)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (483,650)</u>	<u>\$ (483,650)</u>	<u>\$ (388,357)</u>	<u>\$ 95,293</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 483,650	\$ 483,650	\$ 388,357	\$ (95,293)
Total other financing sources (uses)	<u>\$ 483,650</u>	<u>\$ 483,650</u>	<u>\$ 388,357</u>	<u>\$ (95,293)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Changes in Net Pension Liability and Related Ratios  
 Primary Government  
 For the Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>					
Service cost	\$ 508,828	\$ 502,660	\$ 484,174	\$ 473,347	\$ 467,394
Interest	1,487,495	1,409,855	1,386,660	1,328,062	1,269,942
Changes in assumptions	-	(31,974)	-	-	-
Differences between expected and actual experience	(578,884)	146,436	(562,777)	(69,392)	-
Benefit payments, including refunds of employee contributions	(846,407)	(989,263)	(964,149)	(825,649)	(988,461)
<b>Net change in total pension liability</b>	<u>\$ 571,032</u>	<u>\$ 1,037,714</u>	<u>\$ 343,908</u>	<u>\$ 906,368</u>	<u>\$ 748,875</u>
<b>Total pension liability - beginning</b>	21,673,125	20,635,411	20,291,503	19,385,135	18,636,260
<b>Total pension liability - ending (a)</b>	<u>\$ 22,244,157</u>	<u>\$ 21,673,125</u>	<u>\$ 20,635,411</u>	<u>\$ 20,291,503</u>	<u>\$ 19,385,135</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 556,887	\$ 508,505	\$ 618,450	\$ 584,255	\$ 589,542
Contributions - employee	255,282	237,909	229,606	212,328	225,352
Net investment income	1,329,783	1,961,325	282,280	706,070	2,117,435
Benefit payments, including refunds of employee contributions	(846,407)	(989,263)	(964,149)	(825,649)	(988,461)
Administrative expense	(11,293)	(11,310)	(9,895)	(9,546)	(11,445)
Other	(1,192)	(1,751)	(118)	(148)	111
<b>Net change in plan fiduciary net position</b>	<u>\$ 1,283,060</u>	<u>\$ 1,705,415</u>	<u>\$ 156,174</u>	<u>\$ 667,310</u>	<u>\$ 1,932,534</u>
<b>Plan fiduciary net position - beginning</b>	17,917,889	16,212,484	16,056,310	15,389,000	13,456,466
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 19,200,949</u>	<u>\$ 17,917,899</u>	<u>\$ 16,212,484</u>	<u>\$ 16,056,310</u>	<u>\$ 15,389,000</u>
<b>County's net pension liability - ending (a) - (b)</b>	\$ 3,043,208	\$ 3,755,226	\$ 4,422,927	\$ 4,235,193	\$ 3,996,135
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	86.32%	82.67%	78.57%	79.13%	79.39%
<b>Covered payroll</b>	\$ 5,308,791	\$ 4,804,488	\$ 4,525,045	\$ 4,266,100	\$ 4,238,853
<b>County's net pension liability as a percentage of covered payroll</b>	57.32%	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 Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>					
Service cost	\$ 113,271	\$ 112,010	\$ 114,274	\$ 125,267	\$ 126,969
Interest	351,797	344,429	355,957	360,097	345,287
Changes in assumptions	-	(48,095)	-	-	-
Differences between expected and actual experience	(310,220)	(2,596)	(339,911)	(256,496)	-
Benefit payments, including refunds of employee contributions	(332,012)	(268,970)	(321,035)	(254,997)	(266,377)
<b>Net change in total pension liability</b>	<u>\$ (177,164)</u>	<u>\$ 136,778</u>	<u>\$ (190,715)</u>	<u>\$ (26,129)</u>	<u>\$ 205,879</u>
<b>Total pension liability - beginning</b>	5,191,675	5,054,897	5,245,612	5,271,741	5,065,862
<b>Total pension liability - ending (a)</b>	<u><u>\$ 5,014,511</u></u>	<u><u>\$ 5,191,675</u></u>	<u><u>\$ 5,054,897</u></u>	<u><u>\$ 5,245,612</u></u>	<u><u>\$ 5,271,741</u></u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 42,055	\$ 43,960	\$ 98,666	\$ 99,529	\$ 107,370
Contributions - employee	53,456	54,812	54,489	55,202	58,609
Net investment income	394,511	600,894	84,919	225,262	684,923
Benefit payments, including refunds of employee contributions	(332,012)	(268,970)	(321,035)	(254,997)	(266,377)
Administrative expense	(3,532)	(3,561)	(3,216)	(3,139)	(3,744)
Other	(347)	(531)	(37)	(46)	36
<b>Net change in plan fiduciary net position</b>	<u>\$ 154,131</u>	<u>\$ 426,604</u>	<u>\$ (86,214)</u>	<u>\$ 121,811</u>	<u>\$ 580,817</u>
<b>Plan fiduciary net position - beginning</b>	5,433,384	5,006,780	5,092,994	4,971,183	4,390,366
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 5,587,515</u></u>	<u><u>\$ 5,433,384</u></u>	<u><u>\$ 5,006,780</u></u>	<u><u>\$ 5,092,994</u></u>	<u><u>\$ 4,971,183</u></u>
<b>School Division's net pension liability (asset) - ending (a) - (b)</b>	\$ (573,004)	\$ (241,709)	\$ 48,117	\$ 152,618	\$ 300,558
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	111.43%	104.66%	99.05%	97.09%	94.30%
<b>Covered payroll</b>	\$ 1,114,681	\$ 1,130,833	\$ 1,112,779	\$ 1,116,354	\$ 1,172,159
<b>School Division's net pension liability (asset) as a percentage of covered payroll</b>	-51.41%	-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 Measurement Dates of June 30, 2014 through June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability	0.11508%	0.12224%	0.12449%	0.12561%	0.13337%
Employer's Proportionate Share of the Net Pension Liability	\$ 13,534,000	\$ 15,033,000	\$ 17,447,000	\$ 15,810,000	\$ 16,117,000
Employer's Covered Payroll	9,303,038	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	145.48%	155.69%	183.83%	164.85%	165.26%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.81%	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, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
<b>Primary Government</b>					
2019	\$ 582,417	\$ 582,417	\$ -	\$ 5,953,521	9.78%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 18,019	\$ 18,019	\$ -	\$ 1,070,702	1.68%
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%
<b>Component Unit School Board (professional)</b>					
2019	\$ 1,378,861	\$ 1,378,861	\$ -	\$ 8,999,734	15.32%
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%

Notes to Required Supplementary Information  
 VRS Pension Plans  
 For the Year Ended June 30, 2019

**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 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%

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%

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 Measurement Dates of June 30, 2018 and 2017

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)
<b>Group Life Insurance Program</b>					
<b>Primary Government</b>					
2018	0.02813% \$	427,000	\$ 5,348,681	7.98%	51.22%
2017	0.02605%	393,000	4,804,488	8.18%	48.86%
<b>Component Unit School Board (nonprofessional)</b>					
2018	0.00591% \$	90,000	\$ 1,123,835	8.01%	51.22%
2017	0.00617%	93,000	1,138,466	8.17%	48.86%
<b>Component Unit School Board (professional)</b>					
2018	0.04896% \$	743,000	\$ 9,309,849	7.98%	51.22%
2017	0.05247%	790,000	9,677,754	8.16%	48.86%
<b>Teacher Employee Health Insurance Credit Program</b>					
<b>Component Unit School Board (professional)</b>					
2018	0.11491% \$	1,459,000	\$ 9,293,614	15.70%	8.08%
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 (HIC) Program  
 For the Measurement Dates of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Total HIC OPEB Liability</b>		
Service cost	\$ 1,944	\$ 2,026
Interest	7,897	7,906
Differences between expected and actual experience	(4,184)	-
Changes in assumptions	-	(3,475)
Benefit payments	(7,579)	(5,609)
<b>Net change in total HIC OPEB liability</b>	<u>\$ (1,922)</u>	<u>\$ 848</u>
<b>Total HIC OPEB Liability - beginning</b>	<u>116,608</u>	<u>115,760</u>
<b>Total HIC OPEB Liability - ending (a)</b>	<u><u>\$ 114,686</u></u>	<u><u>\$ 116,608</u></u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 6,354	\$ 6,445
Net investment income	3,403	4,960
Benefit payments	(7,579)	(5,609)
Administrative expense	(79)	(80)
Other	(247)	247
<b>Net change in plan fiduciary net position</b>	<u>\$ 1,852</u>	<u>\$ 5,963</u>
<b>Plan fiduciary net position - beginning</b>	<u>48,442</u>	<u>42,479</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 50,294</u></u>	<u><u>\$ 48,442</u></u>
<b>School Board's net HIC OPEB liability - ending (a) - (b)</b>	\$ 64,392	\$ 68,166
<b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b>	43.85%	41.54%
<b>Covered payroll</b>	\$ 1,114,681	\$ 1,130,833
<b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>	5.78%	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, 2010 through June 30, 2019

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
<b>Primary Government</b>					
2019	\$ 31,041	\$ 31,041	\$ -	\$ 5,969,368	0.52%
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%
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 5,599	\$ 5,599	\$ -	\$ 1,076,646	0.52%
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%
<b>Component Unit School Board (professional)</b>					
2019	\$ 46,833	\$ 46,833	\$ -	\$ 9,006,358	0.52%
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%

Schedule of Employer Contributions

VRS OPEB Plans - Health Insurance Credit (HIC) and Teacher Employee Health Insurance Credit (HIC) Programs

For the Years Ended June 30, 2010 through June 30, 2019

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)
<b>Component Unit School Board (nonprofessional)</b>					
2019	\$ 5,782	\$ 5,782	\$ -	\$ 1,070,702	0.54%
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%
<b>Component Unit School Board (professional)</b>					
2019	\$ 107,997	\$ 107,997	\$ -	\$ 8,999,734	1.20%
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%

Notes to Required Supplementary Information  
 VRS OPEB Plan - Group Life Insurance Program  
 For the Year Ended June 30, 2019

**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:

**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

**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 Employee Health Insurance Credit (HIC) Programs

For the Year Ended June 30, 2019

**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, 2019

<b>Primary Government</b>		
	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>		
Service cost	\$ 31,107	\$ 32,003
Interest	21,952	19,465
Changes in assumptions	21,038	(20,338)
Benefit payments	(19,301)	(18,974)
<b>Net change in total OPEB liability</b>	<b>\$ 54,796</b>	<b>\$ 12,156</b>
<b>Total OPEB liability - beginning</b>	<b>545,699</b>	<b>533,543</b>
<b>Total OPEB liability - ending</b>	<b>\$ 600,495</b>	<b>\$ 545,699</b>
<b>Covered payroll</b>	<b>\$ 5,528,661</b>	<b>\$ 5,528,661</b>
<b>County's total OPEB liability (asset) as a percentage of covered payroll</b>	<b>10.86%</b>	<b>9.87%</b>

<b>Component Unit School Board (nonprofessional)</b>		
	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability</b>		
Service cost	\$ 37,034	\$ 37,648
Interest	20,594	18,131
Changes in assumptions	12,030	(11,594)
Benefit payments	(33,432)	(25,545)
<b>Net change in total OPEB liability</b>	<b>\$ 36,226</b>	<b>\$ 18,640</b>
<b>Total OPEB liability - beginning</b>	<b>511,666</b>	<b>493,026</b>
<b>Total OPEB liability - ending</b>	<b>\$ 547,892</b>	<b>\$ 511,666</b>
<b>Covered payroll</b>	<b>\$ 9,884,512</b>	<b>\$ 9,884,512</b>
<b>School Board's total OPEB liability (asset) as a percentage of covered payroll</b>	<b>5.54%</b>	<b>5.18%</b>

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, 2019

---

Valuation Date: 7/1/2017  
 Measurement Date: 6/30/2019

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	3.87% as of June 30, 2018; 3.50% as of June 30, 2019
Inflation	2.50% per year as of June 30, 2018; 2.50% per year as of June 30, 2019
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**



## **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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 3,500	\$ 3,500	\$ 41,572	\$ 38,072
Intergovernmental:				
Federal	60,538	60,538	60,993	455
Total revenues	<u>\$ 64,038</u>	<u>\$ 64,038</u>	<u>\$ 102,565</u>	<u>\$ 38,527</u>
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	\$ 576,183	\$ 745,201	\$ 1,344,004	\$ (598,803)
Interest and other fiscal charges	224,288	224,288	265,094	(40,806)
Total expenditures	<u>\$ 800,471</u>	<u>\$ 969,489</u>	<u>\$ 1,609,098</u>	<u>\$ (639,609)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (736,433)</u>	<u>\$ (905,451)</u>	<u>\$ (1,506,533)</u>	<u>\$ (601,082)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 623,206	\$ 792,224	\$ 792,223	\$ (1)
Total other financing sources (uses)	<u>\$ 623,206</u>	<u>\$ 792,224</u>	<u>\$ 792,223</u>	<u>\$ (1)</u>
Net change in fund balances	\$ (113,227)	\$ (113,227)	\$ (714,310)	\$ (601,083)
Fund balances - beginning	-	-	1,593,219	1,593,219
Fund balances - ending	<u>\$ (113,227)</u>	<u>\$ (113,227)</u>	<u>\$ 878,909</u>	<u>\$ 992,136</u>

Capital Projects Fund  
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2019

	<b>County Capital Improvements Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ -	\$ 28,461	\$ 28,461
Intergovernmental:				
Federal	1,100,000	1,100,000	586,110	(513,890)
Total revenues	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 614,571</u>	<u>\$ (485,429)</u>
<b>EXPENDITURES</b>				
Capital projects	\$ 3,800,142	\$ 7,070,244	\$ 5,322,566	\$ 1,747,678
Debt service:				
Principal retirement	-	1,906,340	1,906,340	-
Interest and other fiscal charges	-	35,236	35,235	1
Issuance costs	-	41,964	169,436	(127,472)
Total expenditures	<u>\$ 3,800,142</u>	<u>\$ 9,053,784</u>	<u>\$ 7,433,577</u>	<u>\$ 1,620,207</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,700,142)</u>	<u>\$ (7,953,784)</u>	<u>\$ (6,819,006)</u>	<u>\$ 1,134,778</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 605,000	\$ 1,362,113	\$ 1,270,682	\$ (91,431)
Issuance of lease revenue bonds	2,095,142	6,091,671	3,765,000	(2,326,671)
Premium (discount) on issuance of bonds	-	-	231,529	231,529
Total other financing sources (uses)	<u>\$ 2,700,142</u>	<u>\$ 7,453,784</u>	<u>\$ 5,267,211</u>	<u>\$ (2,186,573)</u>
Net change in fund balances	\$ -	\$ (500,000)	\$ (1,551,795)	\$ (1,051,795)
Fund balances - beginning	-	500,000	2,047,496	1,547,496
Fund balances - ending	<u>-</u>	<u>-</u>	<u>\$ 495,701</u>	<u>\$ 495,701</u>

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2019

	<u>Airport Fund</u>	<u>CSA Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Due from other governmental units	\$ -	\$ 88,173	\$ 88,173
Inventories	3,376	-	3,376
Total assets	<u>\$ 3,376</u>	<u>\$ 88,173</u>	<u>\$ 91,549</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 596	\$ 55,088	\$ 55,684
Due to other funds	42	33,085	33,127
Total liabilities	<u>\$ 638</u>	<u>\$ 88,173</u>	<u>\$ 88,811</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Inventories	\$ 3,376	\$ -	\$ 3,376
Unassigned:			
Airport	(638)	-	(638)
Total fund balances	<u>\$ 2,738</u>	<u>\$ -</u>	<u>\$ 2,738</u>
Total liabilities and fund balances	<u>\$ 3,376</u>	<u>\$ 88,173</u>	<u>\$ 91,549</u>



Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2019

<b>REVENUES</b>	<b>Airport Fund</b>	<b>CSA Fund</b>	<b>Total</b>
Revenue from the use of money and property	\$ 2,100	\$ -	\$ 2,100
Miscellaneous	3,900	135	4,035
Recovered costs	74,835	-	74,835
Intergovernmental:			
Commonwealth	9,045	575,249	584,294
Federal	-	17,779	17,779
Total revenues	<u>\$ 89,880</u>	<u>\$ 593,163</u>	<u>\$ 683,043</u>
<b>EXPENDITURES</b>			
Current:			
Public works	\$ 34,991	\$ -	\$ 34,991
Health and welfare	-	852,311	852,311
Total expenditures	<u>\$ 34,991</u>	<u>\$ 852,311</u>	<u>\$ 887,302</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 54,889</u>	<u>\$ (259,148)</u>	<u>\$ (204,259)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	\$ 19,946	\$ 259,148	\$ 279,094
Transfers out	(74,835)	-	(74,835)
Total other financing sources (uses)	<u>\$ (54,889)</u>	<u>\$ 259,148</u>	<u>\$ 204,259</u>
Net change in fund balances	\$ -	\$ -	\$ -
Fund balances - beginning	2,738	-	2,738
Fund balances - ending	<u>\$ 2,738</u>	<u>\$ -</u>	<u>\$ 2,738</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2019

	<b>Airport Fund</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ 2,100	\$ (400)
Charges for services	10,000	10,000	-	(10,000)
Miscellaneous	-	-	3,900	3,900
Recovered costs	12,796	12,796	74,835	62,039
Intergovernmental:				
Commonwealth	13,400	13,400	9,045	(4,355)
Federal	-	-	-	-
Total revenues	<u>\$ 38,696</u>	<u>\$ 38,696</u>	<u>\$ 89,880</u>	<u>\$ 51,184</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 67,789	\$ 67,789	\$ 34,991	\$ 32,798
Health and welfare	-	-	-	-
Total expenditures	<u>\$ 67,789</u>	<u>\$ 67,789</u>	<u>\$ 34,991</u>	<u>\$ 32,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (29,093)</u>	<u>\$ (29,093)</u>	<u>\$ 54,889</u>	<u>\$ 83,982</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 29,093	\$ 29,093	\$ 19,946	\$ (9,147)
Transfers out	-	-	(74,835)	(74,835)
Total other financing sources (uses)	<u>\$ 29,093</u>	<u>\$ 29,093</u>	<u>\$ (54,889)</u>	<u>\$ (83,982)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	2,738	2,738
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,738</u>	<u>\$ 2,738</u>

Exhibit 27

<b>CSA Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
300	300	135	(165)
-	-	-	-
621,150	621,150	575,249	(45,901)
13,500	13,500	17,779	4,279
<u>\$ 634,950</u>	<u>\$ 634,950</u>	<u>\$ 593,163</u>	<u>\$ (41,787)</u>
\$ -	\$ -	\$ -	\$ -
<u>1,045,000</u>	<u>1,045,000</u>	<u>852,311</u>	<u>192,689</u>
<u>\$ 1,045,000</u>	<u>\$ 1,045,000</u>	<u>\$ 852,311</u>	<u>\$ 192,689</u>
<u>\$ (410,050)</u>	<u>\$ (410,050)</u>	<u>\$ (259,148)</u>	<u>\$ 150,902</u>
\$ 410,050	\$ 410,050	\$ 259,148	\$ (150,902)
-	-	-	-
<u>\$ 410,050</u>	<u>\$ 410,050</u>	<u>\$ 259,148</u>	<u>\$ (150,902)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2019

	<u>Agency Funds</u>			
	<u>Special Welfare Fund</u>	<u>Sheriff Funds</u>	<u>Bond Escrow Fund</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,054	\$ 6,554	\$ 22,755	\$ 31,363
Total assets	<u>\$ 2,054</u>	<u>\$ 6,554</u>	<u>\$ 22,755</u>	<u>\$ 31,363</u>
<b>LIABILITIES</b>				
Amounts held for social services clients	\$ 2,054	\$ -	\$ -	\$ 2,054
Amounts held for others	-	6,554	-	6,554
Escrow deposits payable	-	-	22,755	22,755
Total liabilities	<u>\$ 2,054</u>	<u>\$ 6,554</u>	<u>\$ 22,755</u>	<u>\$ 31,363</u>

Combining Statement of Changes in Assets and Liabilities  
 Agency Funds  
 For the Year Ended June 30, 2019

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>SPECIAL WELFARE FUND:</b>				
Assets				
Cash and cash equivalents	\$ 1,335	\$ 13,800	\$ 13,081	\$ 2,054
Liabilities				
Amounts held for social services clients	\$ 1,335	\$ 13,800	\$ 13,081	\$ 2,054
<b>SHERIFF FUNDS:</b>				
Assets				
Cash and cash equivalents	\$ 8,461	\$ 38,642	\$ 40,549	\$ 6,554
Liabilities				
Amounts held for others	\$ 8,461	\$ 38,642	\$ 40,549	\$ 6,554
<b>BOND ESCROW FUND:</b>				
Assets				
Cash and cash equivalents	\$ 22,755	\$ -	\$ -	\$ 22,755
Liabilities				
Escrow deposits payable	\$ 22,755	\$ -	\$ -	\$ 22,755
<b>TOTALS - ALL AGENCY FUNDS:</b>				
Assets				
Cash and cash equivalents	\$ 32,551	\$ 52,442	\$ 53,630	\$ 31,363
Total assets	\$ 32,551	\$ 52,442	\$ 53,630	\$ 31,363
Liabilities				
Amounts held for social services clients	\$ 1,335	\$ 13,800	\$ 13,081	\$ 2,054
Amounts held for others	8,461	38,642	40,549	6,554
Escrow deposits payable	22,755	-	-	22,755
Total liabilities	\$ 32,551	\$ 52,442	\$ 53,630	\$ 31,363

Combining Balance Sheet  
 Discretely Presented Component Unit - School Board  
 June 30, 2019

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 258,222	\$ 616,630	\$ 874,852
Receivables (net of allowance for uncollectibles):			
Accounts receivable	8,697	10,776	19,473
Due from other governmental units	665,125	23,302	688,427
Prepaid items	23,228	-	23,228
Total assets	<u>\$ 955,272</u>	<u>\$ 650,708</u>	<u>\$ 1,605,980</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 69,802	\$ 5,712	\$ 75,514
Accrued liabilities	884,970	22,072	907,042
Total liabilities	<u>\$ 954,772</u>	<u>\$ 27,784</u>	<u>\$ 982,556</u>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepays	\$ 23,228	\$ -	\$ 23,228
Committed:			
Cafeteria operations	-	622,924	622,924
Unassigned:			
School operations	(22,728)	-	(22,728)
Total fund balances	<u>\$ 500</u>	<u>\$ 622,924</u>	<u>\$ 623,424</u>
Total liabilities and fund balances	<u>\$ 955,272</u>	<u>\$ 650,708</u>	<u>\$ 1,605,980</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Total fund balances per above			\$ 623,424
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 25,822	
Buildings and improvements		7,002,635	
Machinery, equipment, and vehicles		<u>823,379</u>	7,851,836
The net pension asset is not available to pay for current-period expenditures. and, therefore, is not reported in the funds.			
			573,004
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 1,558,880	
OPEB related items		<u>215,377</u>	1,774,257
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		\$ (236,472)	
Compensated absences		(480,346)	
Net pension liability		(13,534,000)	
Net OPEB liabilities		(2,904,284)	
Accrued interest payable		<u>(3,815)</u>	(17,158,917)
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		\$ (3,189,043)	
OPEB related items		<u>(271,565)</u>	(3,460,608)
Net position (deficit) of governmental activities			<u>\$ (9,797,004)</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2019

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Revenue from the use of money and property	\$ 1,500	\$ -	\$ 1,500
Charges for services	-	181,429	181,429
Miscellaneous	251,417	27,973	279,390
Intergovernmental:			
Local government	5,733,460	-	5,733,460
Commonwealth	13,113,046	13,275	13,126,321
Federal	1,952,585	1,076,857	3,029,442
Total revenues	<u>\$ 21,052,008</u>	<u>\$ 1,299,534</u>	<u>\$ 22,351,542</u>
<b>EXPENDITURES</b>			
Current:			
Education	\$ 19,938,194	\$ 1,259,826	\$ 21,198,020
Capital projects	1,032,199	-	1,032,199
Debt service:			
Principal retirement	76,113	-	76,113
Interest and other fiscal charges	5,502	-	5,502
Total expenditures	<u>\$ 21,052,008</u>	<u>\$ 1,259,826</u>	<u>\$ 22,311,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 39,708</u>	<u>\$ 39,708</u>
Net change in fund balances	\$ -	\$ 39,708	\$ 39,708
Fund balances - beginning	500	583,216	583,716
Fund balances - ending	<u>\$ 500</u>	<u>\$ 622,924</u>	<u>\$ 623,424</u>

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

Net change in fund balances - total governmental funds - per above	\$ 39,708
--	-----------

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	\$ 78,912	
Depreciation	(1,718,482)	
Adjustment for jointly owned assets	1,138,004	
Depreciation adjustment for jointly owned assets	<u>593,319</u>	91,753

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.

Payment of principal	\$ 76,113	76,113
----------------------	-----------	--------

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	\$ 72,576	
Pension expense	1,490,369	
OPEB expense	38,076	
Accrued interest payable	<u>65,955</u>	1,666,976

Change in net position of governmental activities	<u>\$ 1,874,550</u>
---	---------------------

**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, 2019

	<b>School Operating Fund</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Budgeted Amounts</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 1,500	\$ 500
Charges for services	-	-	-	-
Miscellaneous	372,000	375,294	251,417	(123,877)
Intergovernmental:				
Local government	5,438,247	5,779,853	5,733,460	(46,393)
Commonwealth	13,227,863	13,222,538	13,113,046	(109,492)
Federal	1,876,306	1,934,120	1,952,585	18,465
Total revenues	<u>\$ 20,915,416</u>	<u>\$ 21,312,805</u>	<u>\$ 21,052,008</u>	<u>\$ (260,797)</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 20,048,438	\$ 20,161,086	\$ 19,938,194	\$ 222,892
Capital projects	866,978	1,081,701	1,032,199	49,502
Debt service:				
Principal retirement	-	70,018	76,113	(6,095)
Interest and other fiscal charges	-	-	5,502	(5,502)
Total expenditures	<u>\$ 20,915,416</u>	<u>\$ 21,312,805</u>	<u>\$ 21,052,008</u>	<u>\$ 260,797</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	500	500
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>



Exhibit 32

<b>School Cafeteria Fund</b>			
<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ -	\$ -	\$ -	\$ -
384,200	384,200	181,429	(202,771)
-	42,186	27,973	(14,213)
-	-	-	-
13,440	13,440	13,275	(165)
820,000	820,000	1,076,857	256,857
<u>\$ 1,217,640</u>	<u>\$ 1,259,826</u>	<u>\$ 1,299,534</u>	<u>\$ 39,708</u>
\$ 1,217,640	\$ 1,259,826	\$ 1,259,826	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 1,217,640</u>	<u>\$ 1,259,826</u>	<u>\$ 1,259,826</u>	<u>\$ -</u>
\$ -	\$ -	\$ 39,708	\$ 39,708
\$ -	\$ -	\$ 39,708	\$ 39,708
-	-	583,216	583,216
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,924</u>	<u>\$ 622,924</u>

This page intentionally left blank

## **Supporting Schedules**

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 6,765,000	\$ 6,765,000	\$ 6,793,225	\$ 28,225
Real and personal public service corporation taxes	4,800,000	4,800,000	5,327,355	527,355
Personal property taxes	2,229,000	2,229,000	2,881,762	652,762
Mobile home taxes	38,500	38,500	35,833	(2,667)
Machinery and tools taxes	500,000	500,000	648,147	148,147
Merchants capital taxes	-	-	2,072	2,072
Penalties	95,000	95,000	137,692	42,692
Interest	50,000	50,000	84,137	34,137
Total general property taxes	<u>\$ 14,477,500</u>	<u>\$ 14,477,500</u>	<u>\$ 15,910,223</u>	<u>\$ 1,432,723</u>
Other local taxes:				
Local sales and use taxes	\$ 725,000	\$ 725,000	\$ 442,467	\$ (282,533)
Consumers' utility taxes	255,000	255,000	251,312	(3,688)
Bank stock taxes	15,000	15,000	12,820	(2,180)
Franchise license taxes	30,000	30,000	20,268	(9,732)
Motor vehicle licenses	335,000	335,000	375,412	40,412
Taxes on recordation and wills	55,000	55,000	75,081	20,081
Utility consumption taxes	45,000	45,000	51,207	6,207
Hotel and motel room taxes	15,000	15,000	3,093	(11,907)
Total other local taxes	<u>\$ 1,475,000</u>	<u>\$ 1,475,000</u>	<u>\$ 1,231,660</u>	<u>\$ (243,340)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 24,000	\$ 24,000	\$ 17,874	\$ (6,126)
Zoning application fees	6,000	6,000	7,525	1,525
Transfer fees	600	600	693	93
Permits and other licenses	40,000	40,000	43,191	3,191
Total permits, privilege fees, and regulatory licenses	<u>\$ 70,600</u>	<u>\$ 70,600</u>	<u>\$ 69,283</u>	<u>\$ (1,317)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 1,325,475	\$ 1,390,475	\$ 1,478,862	\$ 88,387
Interest on court fines and forfeitures	-	-	10,610	10,610
Total fines and forfeitures	<u>\$ 1,325,475</u>	<u>\$ 1,390,475</u>	<u>\$ 1,489,472</u>	<u>\$ 98,997</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 23,300	\$ 23,300	\$ 77,799	\$ 54,499
Revenue from use of property	22,600	22,600	25,625	3,025
Total revenue from use of money and property	<u>\$ 45,900</u>	<u>\$ 45,900</u>	<u>\$ 103,424</u>	<u>\$ 57,524</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 1,000	\$ 1,000	\$ 990	\$ (10)
Charges for courthouse maintenance	29,000	29,000	37,589	8,589
Charges for court costs	185,000	185,000	201,431	16,431
Charges for court costs - electronic summons fee	50,000	50,000	83,576	33,576
Law library fees	2,000	2,000	1,545	(455)
Charges for Commonwealth's Attorney	2,500	2,500	4,044	1,544

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from local sources: (Continued)				
Charges for services: (Continued)				
Miscellaneous jail and inmate fees	\$ 6,000	\$ 6,000	\$ 6,432	\$ 432
Animal shelter fees	250	250	-	(250)
Charges for sanitation and waste removal	115,000	115,000	123,689	8,689
Charges for landfill host fees	200,000	200,000	366,171	166,171
Charges for planning and community development	2,000	2,000	1,024	(976)
Charges for emergency transport	150,000	217,696	251,111	33,415
Total charges for services	<u>\$ 742,750</u>	<u>\$ 810,446</u>	<u>\$ 1,077,602</u>	<u>\$ 267,156</u>
Miscellaneous:				
Miscellaneous	\$ 30,000	\$ 44,250	\$ 91,600	\$ 47,350
Greensville Memorial Foundation Grant	21,154	65,031	65,030	(1)
Total miscellaneous	<u>\$ 51,154</u>	<u>\$ 109,281</u>	<u>\$ 156,630</u>	<u>\$ 47,349</u>
Recovered costs:				
Landfill inspection fees	\$ 140,000	\$ 140,000	\$ 148,666	\$ 8,666
Tax bills - Lawrenceville	2,000	2,000	4,305	2,305
School resource officer	96,345	96,345	96,345	-
Clerk of Circuit Court copy cost reimbursement	2,000	2,000	1,975	(25)
Sheriff contracted security	50,000	50,000	37,632	(12,368)
Insurance recovery	-	-	30,296	30,296
Interest reimbursement	-	-	10	10
Total recovered costs	<u>\$ 290,345</u>	<u>\$ 290,345</u>	<u>\$ 319,229</u>	<u>\$ 28,884</u>
Total revenue from local sources	<u>\$ 18,478,724</u>	<u>\$ 18,669,547</u>	<u>\$ 20,357,523</u>	<u>\$ 1,687,976</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Grantor's tax	\$ 20,000	\$ 20,000	\$ 22,660	\$ 2,660
Mobile home titling tax	30,000	30,000	39,261	9,261
Rolling stock tax	5,000	5,000	4,362	(638)
Motor vehicle carrier's tax	-	-	820	820
State recordation tax	25,000	25,000	23,301	(1,699)
Personal property tax relief funds	1,355,735	1,355,735	1,355,736	1
Communication taxes	425,000	425,000	355,146	(69,854)
Moped and ATV taxes	-	-	14	14
Total noncategorical aid	<u>\$ 1,860,735</u>	<u>\$ 1,860,735</u>	<u>\$ 1,801,300</u>	<u>\$ (59,435)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 345,000	\$ 345,000	\$ 349,358	\$ 4,358
Sheriff	1,017,000	1,017,000	1,026,374	9,374
Commissioner of revenue	86,500	86,500	89,581	3,081
Treasurer	78,000	78,000	79,295	1,295
Registrar/electoral board	36,000	36,000	37,500	1,500
Clerk of the Circuit Court	210,000	210,000	223,820	13,820
Total shared expenses	<u>\$ 1,772,500</u>	<u>\$ 1,772,500</u>	<u>\$ 1,805,928</u>	<u>\$ 33,428</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid:				
Emergency medical services - four for life	\$ 15,000	\$ 15,000	\$ 16,160	\$ 1,160
Fire program funds	44,000	44,000	53,304	9,304
Litter control grant	7,398	7,398	7,049	(349)
Rescue squad assistance grant	219,988	248,432	221,358	(27,074)
Victim witness grant	112,263	112,263	28,386	(83,877)
PSAP - Phase II - Wireless	100,000	100,000	66,199	(33,801)
VDOT Revenue sharing	-	-	135	135
DMV license agent commission	19,500	22,184	24,821	2,637
Drug forfeiture funds	50,000	50,000	18,752	(31,248)
Arts Grant	5,000	5,000	4,500	(500)
Pesticide grant	1,875	1,875	1,854	(21)
TCCR Grant - Tourism Signage	-	78,275	69,085	(9,190)
Other grants	-	7,500	-	(7,500)
Total other categorical aid	<u>\$ 575,024</u>	<u>\$ 691,927</u>	<u>\$ 511,603</u>	<u>\$ (180,324)</u>
Total categorical aid	<u>\$ 2,347,524</u>	<u>\$ 2,464,427</u>	<u>\$ 2,317,531</u>	<u>\$ (146,896)</u>
Total revenue from the Commonwealth	<u>\$ 4,208,259</u>	<u>\$ 4,325,162</u>	<u>\$ 4,118,831</u>	<u>\$ (206,331)</u>
Revenue from the federal government:				
Categorical aid:				
Drug forfeiture funds	\$ -	\$ -	\$ 1,337	\$ 1,337
Cost allocation plan	40,000	40,000	60,708	20,708
Victim witness grant	-	-	85,157	85,157
Total categorical aid	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 147,202</u>	<u>\$ 107,202</u>
Total revenue from the federal government	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 147,202</u>	<u>\$ 107,202</u>
Total General Fund	<u>\$ 22,726,983</u>	<u>\$ 23,034,709</u>	<u>\$ 24,623,556</u>	<u>\$ 1,588,847</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	\$ -	\$ -	\$ 1,023	\$ 1,023
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,023</u>	<u>\$ 1,023</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 614,103	\$ 659,367	\$ 636,979	\$ (22,388)
Total revenue from the Commonwealth	<u>\$ 614,103</u>	<u>\$ 659,367</u>	<u>\$ 636,979</u>	<u>\$ (22,388)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>Virginia Public Assistance Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,086,252	\$ 1,086,252	\$ 1,205,010	\$ 118,758
Total revenue from the federal government	<u>\$ 1,086,252</u>	<u>\$ 1,086,252</u>	<u>\$ 1,205,010</u>	<u>\$ 118,758</u>
Total Virginia Public Assistance Fund	<u>\$ 1,700,355</u>	<u>\$ 1,745,619</u>	<u>\$ 1,843,012</u>	<u>\$ 97,393</u>
<b>Airport Commission Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,500	\$ 2,500	\$ 2,100	\$ (400)
Total revenue from use of money and property	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 2,100</u>	<u>\$ (400)</u>
Charges for services:				
Sale of fuel	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total charges for services	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>
Miscellaneous:				
Sale of Salvage and Surplus Property	\$ -	\$ -	\$ 3,900	\$ 3,900
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>
Recovered costs:				
Recovered costs - Lawrenceville	\$ 12,796	\$ 12,796	\$ 4,848	\$ (7,948)
Recovered costs - Obstruction Removal	-	-	69,987	69,987
Total recovered costs	<u>\$ 12,796</u>	<u>\$ 12,796</u>	<u>\$ 74,835</u>	<u>\$ 62,039</u>
Total revenue from local sources	<u>\$ 25,296</u>	<u>\$ 25,296</u>	<u>\$ 80,835</u>	<u>\$ 55,539</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Department of aviation grant	\$ 13,400	\$ 13,400	\$ 9,045	\$ (4,355)
Total revenue from the Commonwealth	<u>\$ 13,400</u>	<u>\$ 13,400</u>	<u>\$ 9,045</u>	<u>\$ (4,355)</u>
Total Airport Commission Fund	<u>\$ 38,696</u>	<u>\$ 38,696</u>	<u>\$ 89,880</u>	<u>\$ 51,184</u>
<b>CSA Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Expenditure refunds	\$ 300	\$ 300	\$ 135	\$ (165)
Total miscellaneous	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 135</u>	<u>\$ (165)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive Services Act	\$ 619,440	\$ 619,440	\$ 574,223	\$ (45,217)
PSSF grant	1,710	1,710	1,026	(684)
Total categorical aid	<u>\$ 621,150</u>	<u>\$ 621,150</u>	<u>\$ 575,249</u>	<u>\$ (45,901)</u>
Total revenue from the Commonwealth	<u>\$ 621,150</u>	<u>\$ 621,150</u>	<u>\$ 575,249</u>	<u>\$ (45,901)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Funds: (Continued)</b>				
<b>CSA Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
TANF/SSBG - TITLE IV-E	\$ -	\$ -	\$ 9,679	\$ 9,679
PSSF grant	13,500	13,500	8,100	(5,400)
Total categorical aid	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 17,779</u>	<u>\$ 4,279</u>
Total CSA Fund	<u>\$ 634,950</u>	<u>\$ 634,950</u>	<u>\$ 593,163</u>	<u>\$ (41,787)</u>
<b>Debt Service Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 3,500</u>	<u>\$ 3,500</u>	<u>\$ 41,572</u>	<u>\$ 38,072</u>
Categorical aid:				
Federal interest subsidy	<u>\$ 60,538</u>	<u>\$ 60,538</u>	<u>\$ 60,993</u>	<u>\$ 455</u>
Total Debt Service Fund	<u>\$ 64,038</u>	<u>\$ 64,038</u>	<u>\$ 102,565</u>	<u>\$ 38,527</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,461</u>	<u>\$ 28,461</u>
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grants	\$ 1,100,000	\$ 1,100,000	\$ 567,497	\$ (532,503)
VDOT Grant - Byways Visitor Center	-	-	18,613	18,613
Total categorical aid	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 586,110</u>	<u>\$ (513,890)</u>
Total revenue from the federal government	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 586,110</u>	<u>\$ (513,890)</u>
Total County Capital Improvements Fund	<u>\$ 1,100,000</u>	<u>\$ 1,100,000</u>	<u>\$ 614,571</u>	<u>\$ (485,429)</u>
Total Primary Government	<u>\$ 26,265,022</u>	<u>\$ 26,618,012</u>	<u>\$ 27,866,747</u>	<u>\$ 1,248,735</u>



Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 1,000	\$ 1,000	\$ 1,500	\$ 500
Total revenue from use of money and property	<u>1,000</u>	<u>1,000</u>	<u>1,500</u>	<u>500</u>
Miscellaneous:				
E-Rate	\$ 267,000	\$ 267,000	\$ 152,343	\$ (114,657)
Other miscellaneous	105,000	108,294	99,074	(9,220)
Total miscellaneous	<u>\$ 372,000</u>	<u>\$ 375,294</u>	<u>\$ 251,417</u>	<u>\$ (123,877)</u>
Total revenue from local sources	<u>\$ 373,000</u>	<u>\$ 376,294</u>	<u>\$ 252,917</u>	<u>\$ (123,377)</u>
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Brunswick, Virginia	\$ 5,438,247	\$ 5,779,853	\$ 5,733,460	\$ (46,393)
Total revenues from local governments	<u>\$ 5,438,247</u>	<u>\$ 5,779,853</u>	<u>\$ 5,733,460</u>	<u>\$ (46,393)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,165,000	\$ 2,165,000	\$ 2,238,164	\$ 73,164
Basic school aid	5,086,000	5,086,000	5,105,773	19,773
Remedial summer education	119,000	119,000	97,145	(21,855)
Regular foster care	14,348	14,348	4,981	(9,367)
Special education foster care	-	-	12,140	12,140
Adult secondary education	37,859	37,859	50,527	12,668
Gifted and talented	49,000	49,000	49,553	553
Remedial education	377,000	377,000	380,568	3,568
Special education	947,000	947,000	955,384	8,384
Special education jails	38,983	38,983	23,596	(15,387)
Textbook payment	99,000	99,000	99,790	790
Vocational standards of quality payments	239,000	239,000	240,828	1,828
Vocational education - equipment	-	3,463	3,463	-
Vocational occupational preparedness	32,413	32,413	-	(32,413)
Social security fringe benefits	347,000	347,000	349,845	2,845
Retirement fringe benefits	766,000	766,000	773,026	7,026
Group life fringe benefits	24,000	24,000	23,785	(215)
State lottery payments	-	-	360,895	360,895
Early reading intervention	49,687	49,687	38,886	(10,801)
Homebound education	5,782	5,782	1,690	(4,092)
At risk payments	575,034	575,034	634,073	59,039
At risk payments - 4 year olds	190,012	190,012	143,097	(46,915)

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>School Operating Fund: (Continued)</b>				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
State disparity initiatives	\$ 444,151	\$ 444,151	\$ 420,182	\$ (23,969)
Alternative education	425,604	425,604	425,604	-
Technology	-	211,009	304,173	93,164
Standards of Learning algebra readiness	39,406	39,406	37,246	(2,160)
Mentor teacher program	1,034	1,034	1,857	823
English as a second language	24,349	24,349	23,479	(870)
Industry Certification	-	1,815	1,815	-
VA Workplace Readiness	-	306	306	-
Project Graduation	-	-	3,857	3,857
Math Reading Spec Initiative	-	-	84,644	84,644
Positive Behavioral Intervention and Support	-	34,322	34,322	-
CTE Equipment Grant - High Demand	-	2,647	2,647	-
CTE Stem-H Industry Credentials	-	496	496	-
Principal/Teacher Leader in Action	-	26,437	26,437	-
Enrollment Loss	543,576	231,970	155,111	(76,859)
Other state funds	587,625	613,411	3,661	(609,750)
Total categorical aid	<u>\$ 13,227,863</u>	<u>\$ 13,222,538</u>	<u>\$ 13,113,046</u>	<u>\$ (109,492)</u>
Total revenue from the Commonwealth	<u>\$ 13,227,863</u>	<u>\$ 13,222,538</u>	<u>\$ 13,113,046</u>	<u>\$ (109,492)</u>
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 358,004	\$ 396,811	\$ 782,171	\$ 385,360
Title II, Part A	107,845	107,845	100,404	(7,441)
Title VI-B, special education flow-through	499,773	509,476	421,216	(88,260)
Vocational education	55,000	55,290	54,330	(960)
Title VI-B, special education pre-school	11,640	12,966	4,117	(8,849)
Rural and low income schools	36,169	36,456	28,260	(8,196)
Title IV - 21st century learning grant	374,000	374,000	118,725	(255,275)
Preschool Expansion Grant	382,875	383,925	395,318	11,393
Title III, Part A, english proficiency	-	4,578	1,280	(3,298)
JROTC	51,000	51,000	18,793	(32,207)
Student support and academic enrichment	-	1,773	27,971	26,198
Total categorical aid	<u>\$ 1,876,306</u>	<u>\$ 1,934,120</u>	<u>\$ 1,952,585</u>	<u>\$ 18,465</u>
Total revenue from the federal government	<u>\$ 1,876,306</u>	<u>\$ 1,934,120</u>	<u>\$ 1,952,585</u>	<u>\$ 18,465</u>
Total School Operating Fund	<u>\$ 20,915,416</u>	<u>\$ 21,312,805</u>	<u>\$ 21,052,008</u>	<u>\$ (260,797)</u>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board: (Continued)</b>				
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 384,200	\$ 384,200	\$ 181,429	\$ (202,771)
Miscellaneous:				
Other miscellaneous	\$ -	\$ 42,186	\$ 27,973	\$ (14,213)
Total revenue from local sources	<u>\$ 384,200</u>	<u>\$ 426,386</u>	<u>\$ 209,402</u>	<u>\$ (216,984)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 13,440	\$ 13,440	\$ 10,508	\$ (2,932)
School breakfast program	-	-	2,767	2,767
Total categorical aid	<u>\$ 13,440</u>	<u>\$ 13,440</u>	<u>\$ 13,275</u>	<u>\$ (165)</u>
Total revenue from the Commonwealth	<u>\$ 13,440</u>	<u>\$ 13,440</u>	<u>\$ 13,275</u>	<u>\$ (165)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 820,000	\$ 820,000	\$ 938,546	\$ 118,546
Fresh fruit and vegetables grant	-	-	56,367	56,367
Commodities	-	-	81,944	81,944
Total categorical aid	<u>\$ 820,000</u>	<u>\$ 820,000</u>	<u>\$ 1,076,857</u>	<u>\$ 256,857</u>
Total revenue from the federal government	<u>\$ 820,000</u>	<u>\$ 820,000</u>	<u>\$ 1,076,857</u>	<u>\$ 256,857</u>
Total School Cafeteria Fund	<u>\$ 1,217,640</u>	<u>\$ 1,259,826</u>	<u>\$ 1,299,534</u>	<u>\$ 39,708</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,133,056</u>	<u>\$ 22,572,631</u>	<u>\$ 22,351,542</u>	<u>\$ (221,089)</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of supervisors	\$ 206,988	\$ 256,178	\$ 255,263	\$ 915
General and financial administration:				
County administrator	\$ 347,728	\$ 349,288	348,138	\$ 1,150
Independent auditor	35,000	50,000	50,000	-
Commissioner of revenue	231,614	231,614	229,844	1,770
Treasurer	262,675	262,675	261,448	1,227
Finance department	253,748	252,188	250,524	1,664
Information Technology	58,556	58,556	45,011	13,545
DMV select	97,500	100,184	100,183	1
Total general and financial administration	\$ 1,286,821	\$ 1,304,505	\$ 1,285,148	\$ 19,357
Board of elections:				
Electoral board and officials	\$ 56,685	\$ 56,685	\$ 47,514	\$ 9,171
Registrar	124,274	124,274	119,821	4,453
Total board of elections	\$ 180,959	\$ 180,959	\$ 167,335	\$ 13,624
Total general government administration	\$ 1,674,768	\$ 1,741,642	\$ 1,707,746	\$ 33,896
Judicial administration:				
Courts:				
Circuit court	\$ 33,875	\$ 33,875	\$ 25,318	\$ 8,557
General district court	35,993	35,993	33,315	2,678
Special magistrates	950	950	915	35
Clerk of the circuit court	332,513	332,513	321,008	11,505
Law library	2,000	2,000	1,315	685
Victim/witness assistance program	133,928	133,928	133,768	160
Courthouse security	525,388	525,388	523,721	1,667
Total courts	\$ 1,064,647	\$ 1,064,647	\$ 1,039,360	\$ 25,287
Commonwealth's attorney:				
Commonwealth's attorney	\$ 610,777	\$ 628,444	\$ 623,657	\$ 4,787
Asset forfeiture	15,000	15,000	1,704	13,296
Total commonwealth's attorney	\$ 625,777	\$ 643,444	\$ 625,361	\$ 18,083
Total judicial administration	\$ 1,690,424	\$ 1,708,091	\$ 1,664,721	\$ 43,370
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 2,545,659	\$ 2,593,963	\$ 2,589,019	\$ 4,944
Sheriff - line of duty	33,210	33,210	33,210	-
Asset forfeiture	35,000	35,000	16,917	18,083
E911 system	713,969	712,969	711,086	1,883
School resource officer	412,008	412,008	410,365	1,643
E-Summons System	50,000	50,000	48,671	1,329
Total law enforcement and traffic control	\$ 3,789,846	\$ 3,837,150	\$ 3,809,268	\$ 26,553
Fire and rescue services:				
Fire and rescue	\$ 763,469	\$ 815,871	\$ 805,297	\$ 10,574
Medflight program	800	800	800	-
Division of forestry	22,603	22,603	21,915	688
Total fire and rescue services	\$ 786,872	\$ 839,274	\$ 828,012	\$ 11,262

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Public safety: (Continued)				
Correction and detention:				
Meherrin River Regional Jail Authority	\$ 2,863,063	\$ 2,935,334	\$ 2,935,334	\$ -
VJCCCA	635	635	635	-
Probation office	151,410	79,835	79,835	-
Total correction and detention	<u>\$ 3,015,108</u>	<u>\$ 3,015,804</u>	<u>\$ 3,015,804</u>	<u>\$ -</u>
Inspections:				
Building	\$ 134,416	\$ 138,991	\$ 138,991	\$ -
Total inspections	<u>\$ 134,416</u>	<u>\$ 138,991</u>	<u>\$ 138,991</u>	<u>\$ -</u>
Other protection:				
Animal control	\$ 151,126	\$ 184,895	\$ 182,077	\$ 2,818
Medical examiner	270	270	160	110
Fire and rescue services	839,377	928,476	928,475	1
Emergency services	11,012	24,140	24,140	-
Total other protection	<u>\$ 1,001,785</u>	<u>\$ 1,137,781</u>	<u>\$ 1,134,852</u>	<u>\$ 2,929</u>
Total public safety	<u>\$ 8,728,027</u>	<u>\$ 8,969,000</u>	<u>\$ 8,926,927</u>	<u>\$ 40,744</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 25,000	\$ 50,000	\$ -	\$ -
Sanitation and waste removal:				
Refuse collection and disposal	\$ 918,385	\$ 924,293	\$ 924,293	\$ -
Litter control	7,398	7,398	7,048	350
Inmate work force program	103,424	118,424	117,313	1,111
Lake Gaston weed control	90,000	8,278	-	8,278
Total sanitation and waste removal	<u>\$ 1,119,207</u>	<u>\$ 1,058,393</u>	<u>\$ 1,048,654</u>	<u>\$ 9,739</u>
Maintenance of general buildings and grounds:				
General properties	\$ 457,255	\$ 691,275	\$ 691,275	\$ -
Courthouse maintenance	29,000	54,000	47,568	6,432
General engineering/administration	184,790	268,257	268,256	1
Total maintenance of general buildings and grounds	<u>\$ 671,045</u>	<u>\$ 1,013,532</u>	<u>\$ 1,007,099</u>	<u>\$ 6,433</u>
Total public works	<u>\$ 1,815,252</u>	<u>\$ 2,121,925</u>	<u>\$ 2,055,753</u>	<u>\$ 16,172</u>
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	<u>\$ 114,978</u>	<u>\$ 114,978</u>	<u>\$ 114,978</u>	<u>\$ -</u>
Mental health and mental retardation:				
Southside Community Services Board	\$ 72,466	\$ 72,466	\$ 72,466	\$ -
Welfare:				
Local area on aging	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Veteran's exemption on real estate	-	-	19,618	(19,618)
Southside senior citizens center	3,848	3,848	3,848	-
Total welfare	<u>\$ 6,348</u>	<u>\$ 6,348</u>	<u>\$ 25,966</u>	<u>\$ (19,618)</u>
Total health and welfare	<u>\$ 193,792</u>	<u>\$ 193,792</u>	<u>\$ 213,410</u>	<u>\$ (19,618)</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Education:				
Other instructional costs:				
Contributions to Southside Virginia Community College	\$ 5,875	\$ 7,348	\$ 7,348	\$ -
Contribution to County School Board	5,438,247	5,709,835	5,733,460	(23,625)
Head Start program	61,240	61,240	61,240	-
Total education	<u>\$ 5,505,362</u>	<u>\$ 5,778,423</u>	<u>\$ 5,802,048</u>	<u>\$ (23,625)</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation youth league	\$ 12,505	\$ 12,505	\$ 12,505	\$ -
Water safety council	3,500	15,124	14,326	798
Total parks and recreation	<u>\$ 16,005</u>	<u>\$ 27,629</u>	<u>\$ 26,831</u>	<u>\$ 798</u>
Cultural enrichment:				
Historical society	\$ 900	\$ 900	\$ -	\$ 900
Chamber of commerce	6,000	6,000	6,000	-
Tourism association	125,982	288,253	268,925	19,328
Taste of Brunswick festival	5,000	5,000	5,000	-
Fort Christanna Preservation	5,000	20,000	-	20,000
Total cultural enrichment	<u>\$ 142,882</u>	<u>\$ 320,153</u>	<u>\$ 279,925</u>	<u>\$ 40,228</u>
Library:				
Contribution to regional library	\$ 184,838	\$ 184,838	\$ 184,838	\$ -
Total parks, recreation, and cultural	<u>\$ 343,725</u>	<u>\$ 532,620</u>	<u>\$ 491,594</u>	<u>\$ 41,026</u>
Community development:				
Planning and community development:				
Planning	\$ 215,554	\$ 235,554	\$ 221,477	\$ 14,077
Economic development	209,783	281,669	212,131	69,538
Regional planning commission	23,793	23,793	23,792	1
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	<u>\$ 492,631</u>	<u>\$ 584,517</u>	<u>\$ 495,901</u>	<u>\$ 88,616</u>
Environmental management:				
Contribution to soil and water district	\$ 11,543	\$ 23,086	\$ 23,086	\$ -
Cooperative extension program:				
Extension office	\$ 79,930	\$ 79,930	\$ 75,818	\$ 4,112
Total community development	<u>\$ 584,104</u>	<u>\$ 687,533</u>	<u>\$ 594,805</u>	<u>\$ 92,728</u>
Capital projects:				
Other capital projects	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Total capital projects	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Debt service:				
Principal retirement	\$ 472,736	\$ 472,291	\$ 439,209	\$ 33,082
Interest and other fiscal charges	319,954	320,398	348,545	(28,147)
Total debt service	<u>\$ 792,690</u>	<u>\$ 792,689</u>	<u>\$ 787,754</u>	<u>\$ 4,935</u>
 Total General Fund	 <u>\$ 21,335,644</u>	 <u>\$ 22,533,215</u>	 <u>\$ 22,252,258</u>	 <u>\$ 229,628</u>
<b>Special Revenue Funds:</b>				
<b>Virginia Public Assistance Fund:</b>				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 1,812,829	\$ 1,821,521	\$ 1,821,521	\$ -
Public assistance	371,176	407,748	409,848	(2,100)
Total welfare and social services	<u>\$ 2,184,005</u>	<u>\$ 2,229,269</u>	<u>\$ 2,231,369</u>	<u>\$ (2,100)</u>
 Total Virginia Public Assistance Fund	 <u>\$ 2,184,005</u>	 <u>\$ 2,229,269</u>	 <u>\$ 2,231,369</u>	 <u>\$ (2,100)</u>
<b>Airport Commission Fund:</b>				
Public works:				
Maintenance of general buildings and grounds	\$ 67,789	\$ 67,789	\$ 34,991	\$ 32,798
Total Airport Commission Fund	<u>\$ 67,789</u>	<u>\$ 67,789</u>	<u>\$ 34,991</u>	<u>\$ 32,798</u>
<b>CSA Fund:</b>				
Health and welfare:				
Welfare and social services:				
Comprehensive services	\$ 1,045,000	\$ 1,045,000	\$ 852,311	\$ 192,689
Total CSA Fund	<u>\$ 1,045,000</u>	<u>\$ 1,045,000</u>	<u>\$ 852,311</u>	<u>\$ 192,689</u>
<b>Debt Service Fund:</b>				
Debt service:				
Principal retirement	\$ 576,183	\$ 745,201	\$ 1,344,004	\$ (598,803)
Interest and other fiscal charges	224,288	224,288	265,094	(40,806)
Total Debt Service Fund	<u>\$ 800,471</u>	<u>\$ 969,489</u>	<u>\$ 1,609,098</u>	<u>\$ (639,609)</u>
<b>Capital Projects Funds:</b>				
<b>County Capital Improvements Fund:</b>				
Capital projects:				
Evans Creek Road convenience center	\$ 200,000	\$ 314,888	\$ 44,600	270,288
Radio communication network project	2,095,142	2,095,142	1,596,025	499,117
Economic development	305,000	1,447,225	1,789,832	(342,607)
Emergency communications system	100,000	100,000	115,315	(15,315)
Alvis Road Housing project	450,000	450,000	245,640	204,360
Flat Rock Road housing project	650,000	650,000	339,868	310,132
Property acquisition	-	2,012,989	1,191,286	821,703
Total capital projects	<u>\$ 3,800,142</u>	<u>\$ 7,070,244</u>	<u>\$ 5,322,566</u>	<u>\$ 925,975</u>
Debt service:				
Principal retirement	\$ -	\$ 1,906,340	\$ 1,906,340	\$ -
Interest and other fiscal charges	-	35,236	35,235	1
Issuance costs	-	41,964	169,436	(127,472)
Total debt service	<u>\$ -</u>	<u>\$ 1,983,540</u>	<u>\$ 2,111,011</u>	<u>\$ (127,471)</u>
Total County Capital Improvements Fund	<u>\$ 3,800,142</u>	<u>\$ 9,053,784</u>	<u>\$ 7,433,577</u>	<u>\$ 798,504</u>
Total Primary Government	<u>\$ 29,233,051</u>	<u>\$ 35,898,546</u>	<u>\$ 34,413,604</u>	<u>\$ 611,910</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2019 (Continued)

Fund, Function, Activity and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Discretely Presented Component Unit - School Board:</b>				
<b>School Operating Fund:</b>				
Education:				
Instruction costs:				
Elementary and secondary schools	\$ 10,712,864	\$ 11,107,146	\$ 10,802,504	\$ 304,642
Guidance services	306,583	309,515	352,984	(43,469)
Homebound instruction	11,825	11,825	23,390	(11,565)
Other instructional costs	1,517,773	2,072,154	2,498,273	(426,119)
Media services	314,296	316,781	219,801	96,980
Office of the principal	1,327,355	1,351,508	1,185,070	166,438
Total instruction costs	<u>\$ 14,190,696</u>	<u>\$ 15,168,929</u>	<u>\$ 15,082,022</u>	<u>\$ 86,907</u>
Operating costs:				
Administration, attendance and health services	\$ 1,734,965	\$ 806,844	\$ 796,960	\$ 9,884
Pupil transportation	1,851,427	1,866,483	1,927,539	(61,056)
Operation and maintenance of school plant	2,271,350	2,318,830	2,130,071	188,759
School food service and other non-instructional	-	-	1,602	(1,602)
Total operating costs	<u>\$ 5,857,742</u>	<u>\$ 4,992,157</u>	<u>\$ 4,856,172</u>	<u>\$ 135,985</u>
Total education	<u>\$ 20,048,438</u>	<u>\$ 20,161,086</u>	<u>\$ 19,938,194</u>	<u>\$ 222,892</u>
Capital projects:				
Technology	\$ 866,978	\$ 1,081,701	\$ 1,032,199	\$ 49,502
Total capital projects	<u>\$ 866,978</u>	<u>\$ 1,081,701</u>	<u>\$ 1,032,199</u>	<u>\$ 49,502</u>
Debt service:				
Principal retirement	\$ -	\$ 70,018	\$ 76,113	\$ (6,095)
Interest and other fiscal charges	-	-	5,502	(5,502)
Total debt service	<u>\$ -</u>	<u>\$ 70,018</u>	<u>\$ 81,615</u>	<u>\$ (11,597)</u>
Total School Operating Fund	<u>\$ 20,915,416</u>	<u>\$ 21,312,805</u>	<u>\$ 21,052,008</u>	<u>\$ 260,797</u>
<b>Special Revenue Fund:</b>				
<b>School Cafeteria Fund:</b>				
Education:				
School food services:				
Administration of school food program	\$ 1,217,640	\$ 1,259,826	\$ 1,259,826	\$ -
Total school food services	<u>\$ 1,217,640</u>	<u>\$ 1,259,826</u>	<u>\$ 1,259,826</u>	<u>\$ -</u>
Total education	<u>\$ 1,217,640</u>	<u>\$ 1,259,826</u>	<u>\$ 1,259,826</u>	<u>\$ -</u>
Total School Cafeteria Fund	<u>\$ 1,217,640</u>	<u>\$ 1,259,826</u>	<u>\$ 1,259,826</u>	<u>\$ -</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 22,133,056</u>	<u>\$ 22,572,631</u>	<u>\$ 22,311,834</u>	<u>\$ 260,797</u>



## **Statistical Information**



COUNTY OF BRUNSWICK, VIRGINIA

Government-Wide Expenses by Function  
Last Ten Fiscal Years

Fiscal Year	General Government Administration		Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total									
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
2018-19		1,741,196		1,531,103		8,780,522		1,961,707		3,189,487		6,562,690		488,124		1,297,820		803,462		26,356,111

COUNTY OF BRUNSWICK, VIRGINIA

Government-Wide Revenues  
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes (2)	Other Local Taxes (1)	Unrestricted Investment Earnings	Miscellaneous	
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
2018-19	2,636,357	4,839,710	716,188	15,980,713	1,231,660	175,557	161,688	1,801,300	27,543,173

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

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

**COUNTY OF BRUNSWICK, VIRGINIA**

**Table 3**

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

Fiscal Year	General Government										Total
	Admi- stration	Judicial Admi- stration	Public Safety	Public Works	Health and Welfare	Education (3)	Parks, Recreation, and Cultural	Community Development (4)	Debt Service		
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	
2018-19	1,707,746	1,664,721	8,926,927	2,090,744	3,297,090	22,298,807	491,594	594,805	4,589,478	45,661,912	

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

COUNTY OF BRUNSWICK, VIRGINIA

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

Fiscal Year	General Property Taxes	Other Local Taxes (3)	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)	Total
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
2018-19	15,910,223	1,231,660	69,283	1,489,472	148,596	1,259,031	441,078	394,064	22,926,851	43,870,258

(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) 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	
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%
2018-19		17,243,138		16,833,632	97.63%		211,248		17,044,880	98.85%		696,696		4.04%

(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
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
2018-19	1,299,841,870	125,870,640	19,494,570	-	1,004,963,140	2,450,170,220

(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	
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
2018-19		0.53		0.53		3.65		2.81		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:		Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Debt Service Monies Available	Bonded Debt			
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
2018-19	16,481	2,450,170	12,238,959	-	-	12,238,959	0.50%	743

(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, compensated absences, and pension and OPEB liabilities.

## **Compliance**





**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, 2019, and the related notes to the financial statements, which collectively comprise County of Brunswick, Virginia's basic financial statements and have issued our report thereon dated February 14, 2020.

**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 Faver Cox Associates*

Charlottesville, Virginia  
February 14, 2020



**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, 2019. 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of County of Brunswick, Virginia's compliance.

### ***Basis for Qualified Opinion on the Child Nutrition Cluster***

As described in the accompanying schedule of findings and questioned costs, the County of Brunswick, Virginia did not comply with requirements regarding CFDA 10.553 and 10.555 Child Nutrition Cluster as described in finding number 2019-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the County of Brunswick, Virginia to comply with the requirements applicable to that program.

### ***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

### ***Other Matters***

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

### **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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.



**Report on Internal Control over Compliance: (Continued)**

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

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 Faxon Cox Associates*

Charlottesville, Virginia  
February 14, 2020

This page intentionally left blank

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2019

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	0950117/18	\$ 9,585
Temporary Assistance for Needy Families (TANF) (TANF Cluster)	93.558	0400118/19	238,828
Refugee and Entrant Assistance - State Administered Programs	93.566	0500118/19	132
Low-Income Home Energy Assistance	93.568	0600418/19	35,198
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760118/19	38,641
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900118	258
Foster Care - Title IV-E	93.658	1100118/19	110,601
Adoption Assistance	93.659	1120118/19	65,150
Social Services Block Grant	93.667	1000118/19	185,681
Chafee Foster Care Independence Program	93.674	9150118	1,609
Children's Health Insurance Program (CHIP)	93.767	0540118/19	6,453
Medical Assistance Program (Medicaid Cluster)	93.778	1200118/19	<u>309,748</u>
Total Department of Health and Human Services			\$ <u>1,001,884</u>
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Agriculture and Consumer Services:			
Food Distribution (Child Nutrition Cluster)	10.555	Unknown	\$ 81,944
Virginia Department of Education:			
National School Lunch Program (NSLP) (Child Nutrition Cluster)	10.555	18/19N109941	<u>665,006</u> \$ 746,950
School Breakfast Program (Child Nutrition Cluster)	10.553	18/19N109941	<u>273,540</u> \$ 1,020,490
Fresh Fruit and Vegetable Program	10.582	18/19L160341	56,367
Virginia Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010118/19, 0040118/19, 0050119	<u>281,613</u>
Total Department of Agriculture			\$ <u>1,358,470</u>

COUNTY OF BRUNSWICK, VIRGINIA

Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2019

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number		Federal Expenditures
Department of Defense:				
Direct Payments:				
ROTC	12.U00	N/A		\$ <u>18,793</u>
Department of Housing and Urban Development:				
Pass Through Payments:				
Virginia Department of Housing and Community Development:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	CAMS 1610	\$ 323,007	
	14.228	CAMS 1702	<u>244,490</u>	\$ <u>567,497</u>
Department of Justice:				
Direct payments:				
US Marshal Service, DEA:				
Federal Equitable Sharing Program	16.922	N/A		\$ 1,337
Pass Through Payments:				
Virginia Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	19-W9272VW17		<u>85,157</u>
Total Department of Justice				\$ <u>86,494</u>
Department of Transportation:				
Pass Through Payments:				
Virginia Department of Transportation:				
Highway Planning and Construction	20.205	SB10-012-VA1		\$ <u>18,613</u>
Total Department of Transportation				\$ <u>18,613</u>
Department of Education:				
Pass Through Payments:				
Virginia Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	S010A170046/18		\$ 782,171
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	H027A170107/18	\$ 421,216	
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A170112/18	<u>4,117</u>	425,333
Career and Technical Education - Basic Grants to States (Perkins IV)	84.048	V048A170046/18		54,330
Twenty-First Century Community Learning Centers	84.287	S287C170047		118,725
Rural Education	84.358	S358B170046/18		28,260
Improving Teacher Quality State Grants	84.367	S367A170044/18		100,404
Preschool Development Grants - Expansion	84.419	S419B150010		395,318
Student Support and Academic Enrichment Program	84.424	S424A170048/18		27,971
Virginia Polytechnic Institute:				
English Language Acquisition State Grants	84.365	Unknown		<u>1,280</u>
Total Department of Education				\$ <u>1,933,792</u>
Total Expenditures of Federal Awards				\$ <u><u>4,985,543</u></u>

See accompanying notes to schedule of expenditures of federal awards.

**COUNTY OF BRUNSWICK, VIRGINIA**

Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

---

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, 2019. 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	\$ 147,202
Special Revenue Funds:	
Virginia Public Assistance Fund	1,205,010
CSA Fund	17,779
Debt Service Funds:	
Debt Service Fund	60,993
Capital Projects Funds:	
County Capital Improvements Fund	586,110
Total primary government	<u>\$ 2,017,094</u>
Component Unit School Board:	
School Operating Fund	\$ 1,952,585
School Cafeteria Fund	1,076,857
Total component unit School Board	<u>\$ 3,029,442</u>
Total federal expenditures per basic financial statements	<u>\$ 5,046,536</u>
Reconciling Items:	
Federal interest subsidy	\$ (60,993)
Total reconciling items	<u>\$ (60,993)</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u>\$ 4,985,543</u>

**COUNTY OF BRUNSWICK, VIRGINIA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

---

**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? Yes

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

Any audit findings disclosed that are required to be reported in accordance with  
2 CFR Section 200.516(a)? Yes

Identification of major programs:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	Child Nutrition Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? No

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There are no financial statement findings to report.

**COUNTY OF BRUNSWICK, VIRGINIA**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019 (Continued)

---

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

**2019-001**

Federal Program: Child Nutrition Cluster 10.553/10.555 - Department of Agriculture, Passed Through Virginia Department of Education

Federal Award Number: 201818N109941 Year: 2018  
201919N109941 Year: 2019

Criteria: The School Board operates under a division-wide Community Eligibility Provision (CEP) for the National School Lunch and School Breakfast programs. Management is responsible for counting all meals served to students, maintaining a system that prevents claiming more than one meal per student and does not allow claiming of meals served to ineligible children and/or adults, and for submitting in SNPWeb the total number of meals served each month in the reimbursement claim.

Condition: Totaro Elementary School claimed more meals served than total attendance or enrollment reported for the school.

Context: Five schools participate in this program. Three months of claims were tested for each of the schools. Totaro Elementary School reported 14 meals in excess of total attendance (including tardy students) at the school on 11/28/18. In January 2019, the total adjusted attendance was 279 students. On 1/8/19, 1/15/19, and 1/16/19, meals were claimed in the amount of 278, 290, and 287, respectively. In May 2019, the total adjusted attendance was 280 students. On 5/1/19 and 5/2/19, meals were claimed totaling 284 and 298, respectively, compared to attendance of 287 and 280 students, respectively. The total attendance reported for 5/2/19 (including absent students) was 296.

Cause: Management does not have controls in place to ensure that students are not being served more than one meal or that meals are not served to ineligible students or adults.

Effect: The School is not in compliance with program requirements and has claimed more meals for reimbursement than allowable.

Questioned Costs: N/A - under threshold for reporting.

Recommendation: We recommend the School Board implement internal controls over compliance to prevent claiming more than one meal per student and to prevent serving meals to ineligible children and/or adults.

Views of Responsible Officials: Controls have been implemented to safeguard that the information reported for attendance and meal reimbursements is accurate.

**COUNTY OF BRUNSWICK, VIRGINIA**

Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2019

---

There were no federal award findings reported for the year ended June 30, 2018.