



THE TOWN OF
VINTON
V I R G I N I A

Comprehensive Annual Financial Report

For Fiscal Year Ending June 30, 2013



TOWN OF VINTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

Prepared by the Town of Vinton
Finance Department/Treasurer's Office

TOWN OF VINTON, VIRGINIA

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INTRODUCTORY SECTION



Town of Vinton

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Vinton, VA 24179
Phone (540) 983-0608
Fax (540) 985-3105

Barry W. Thompson
Finance Director/Treasurer

November 1, 2013

***To the Honorable Mayor, Members of Town Council, and Citizens of the Town of Vinton,
Virginia***

The Comprehensive Annual Financial Report (CAFR) for the Town of Vinton for the fiscal year ended June 30, 2013 is hereby submitted in accordance with Section 15.1-167 of the 1950 *Code of Virginia*, (1950 as amended). The *Code* requires that the Town issues an annual report on its financial accounts and records. In addition, the report must be audited. The report was prepared by the Treasurer's Office and audited independently by the accounting firm of Brown, Edwards & Company, L.L.P.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Town of Vinton. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Reporting Entity and Services Provided

The financial reporting entity includes all of the funds of the primary government of the Town of Vinton, as legally defined. The reporting entity does not include legally separate entities (component units) for which a primary government is financially accountable because there are no such component units within the Town. The Town jointly operates the Roanoke Valley Resource Authority with Roanoke County and City of Roanoke. It is, however, a legally separate entity governed by a six-member multi-jurisdictional Board, one member of which represents the Town.

The Town of Vinton provides a full range of municipal services. These services include police protection, fire and first aid services, refuse and recycling functions, general public improvements, street and right-of-way maintenance, recreational and cultural activities, and planning and zoning. The Town also provides potable water distribution, wastewater collection, maintenance and service of line, meters, and other components related to its utility system. Based on the latest Water Quality Report, the water system meets all state and federal requirements administered by the Office of Drinking Water under the Virginia Department of Health. According to the 2012 Water Quality Report, the Town had no water quality violations. The Virginia Department of Environmental Quality in reported statewide recycling rates for calendar year 2012. The Town of Vinton's rate was 62.4% and was ranked second out of all of the waste planning units in the Commonwealth.

Local Economic Condition and Outlook

The Town of Vinton is located in the southern end of the Shenandoah Valley, in the southwestern region of Virginia. Vinton is a part of the Roanoke Metropolitan Statistical Area, which includes the Cities of Roanoke and Salem and Counties of Roanoke, Botetourt, and Craig. The Town is a compact, urban area of 3.2 square miles located within eastern Roanoke County and shares a common border with the City of Roanoke. It is approximately 170 miles west of Richmond, Virginia, the State capital. The Town is a major gateway to the recreational attractions of Smith Mountain Lake and the Blue Ridge Parkway. Approximately 78.8% of the total land within the Town is developed; 50.6% for residential use, 13.8% for commercial or industrial development (within the Town industrial park and at various other locations) and 14.4% for public facility development.

Vinton is proud of its small size in relation to the surrounding dense urban areas. It has a reputation as a friendly community with much scenic charm and beauty, and is often the urban center of choice for residents in east Roanoke County and the surrounding population centers of Bedford, Botetourt, and Franklin counties.

The location of the Town provides quick and easy access from neighboring jurisdictions via US Interstates 81 and 581, U.S. Routes 460 and 220, and Virginia Routes 24 and 634. This also provides an opportunity for citizens to be able to drive to a community college, two private colleges, and two public universities in less than one hour. The Town's location also means that its economy is impacted by the economic conditions of its neighbors, and by decisions made by these larger neighboring jurisdictions.

Since the Town of Vinton is highly concerned with providing a positive atmosphere and quality of life for its citizens, it has taken an active role in various regional authorities and activities. The Town participates in economic development by being a member of the Roanoke Regional Partnership and in major festivals in community relations by funding a portion of the annual operating costs of the Roanoke Valley Regional Cable Television. The Town also participates in the Greenway Commission, the purpose of which is to identify possible greenway locations in the Roanoke Valley area.

Vinton has maintained stable property tax rates over the years, while continuing to provide high quality municipal services and responsive government. The Town Council adopted an ordinance to eliminate the vehicle decal and to enact a vehicle license fee effective January 1, 2008. This essentially was a revenue neutral action by Council.

The nearby educational institutions allow opportunities for Town citizens to receive higher education and technical training. Expansion of industry, tourist facilities, and conference centers in the region continue to enhance the reputation of the Town as a highly desirable residential area.

Long-term Financial Planning

Christopher S. Lawrence was appointed as Town Manager in September 2008. Mr. Lawrence has strong leadership and management skills and has set goals toward community and economic development. The Town's Management Team works closely with the Roanoke County Management Team to develop short-term and long-term financial goals addressing the financial stability of the Town/County endeavors.

Long-term Financial Planning (Continued)

The Town Council approved a balanced budget for the upcoming fiscal year. The budget provides for maintaining the existing levels of services provided to the Town's citizens while increasing an effort on economic development through revitalizing the downtown business area. These efforts include partnering with the Virginia Department of Housing and Community Development whereby funding may be provided for a downtown economic restructuring plan as well as a physical improvement master plan. The Town was also awarded by the Virginia Department of Housing and Community Development (VA DHCD), a Community Development Block Grant in the amount of \$700,000. The CDBG award was the product of the Business District Revitalization Planning Grant awarded to the Town. The grant will enable the Town to do Façade improvement to 12 downtown businesses, upgrade the farmer's market infrastructure, do streetscape improvements, improve street lighting, administer and a \$100,000 Revolving Loan Fund and design a marketing and branding strategy for the Town. The program is being administered by the Town of Vinton with the help of a Project Management Team consisting of community stakeholders and a Revolving Loan Committee to screen and administer loans to current or potential downtown businesses. The Town has two years to complete the revitalization work which commenced in the summer of 2013.

The budget maintains the Cigarette Tax, which was passed two years ago at \$0.20 per pack of cigarettes. This revenue generated an additional \$296,000. Another economic benefit for the Town is the result of the marketing and branding efforts of the newly completed War Memorial Conference Center. The Town should continue to realize increased revenue from the use of this facility. It is a premier conference facility. It has a main ballroom with a seating capacity of 240 to 300 depending on the room configuration which can be converted into two rooms. There is also a smaller meeting room known as the Library on the main floor and another two smaller meeting rooms on the second floor. The facility has a modern sound system, projectors and screens, and wireless Internet. The facility is now fully ADA compliant and all floors are served by an elevator. As a part of this project, the Jaycee Ball field near the War Memorial Complex was relocated to the Vineyard Park in order to continue providing the Vinton community an adequate ball field facility. This project is in cooperation with Roanoke County through its Parks and Recreation Program in order to provide a high level of service to our citizens.

The Town continues to commit to the improvement of the highways, streets, and roads by including approximately \$215,000 for paving and milling of streets throughout the Town.

Major Initiatives

The Vinton Business Center is open for business. Cardinal Glass Industries of Minnesota is the first company located in the Vinton Business Center. It has completed its 222,000 square-foot building at an investment of approximately \$23.9 million. Currently, it is fully staffed.

There are two additional prepared sites at the Vinton Business Center which are being marketed. A picnic shelter has been completed while the Greenway Trail is planned to eventually connect with the existing Greenway System running through the Town of Vinton and east Roanoke County. A business center sign has been constructed to better identify the Vinton Business Center. This was jointly constructed by the Town of Vinton and Roanoke County at a cost of \$36,874.

In November 2003, the citizens of Vinton voted to allow operation of an off-track betting facility within the Town limits. Colonial Downs was constructed and began operations in October 2004 which has brought approximately \$30,000 of tax revenue to the Town.

Major Initiatives (Continued)

The Roanoke County Commonwealth Attorney's Office continues to represent the Town's interests in the prosecution of criminal charges. Attorney Elizabeth Dillon was re-appointed by the Town Council on July 1, 2010 to serve as counsel for the Town's other legal matters.

The Town evaluated its wastewater collection and water distribution system and as a result identified four (4) projects as vital to improve and update its safe and reliable operations. In January 2008, the Town issued bonds through VML-VACo amounting to \$2,750,000 to fund these projects. The bonds were issued to fund the water and wastewater improvement projects and are secured by pledges from the water and sewer revenues from the current utility system. All of these projects were completed with the final being the Glade Creek/Tinker Creek Wastewater Trunk Line which replaced 750 feet of 18-inch wastewater trunk line and install new manholes along new alignment. The new alignment will locate replacement line away from creek within existing right-of-way. The segment of existing line to be replaced is in severely deteriorated condition needed to be replaced immediately. This part of the project cost an additional \$500,000 and was included in new bonds issued by the Town in June 2013 amounting to \$1,968,875. The remainder of the new bond money will be used for the following projects:

- \$939,785 Upgrade project at the Western Virginia Water Authority Wastewater Treatment Plant.
- \$529,090 Water line projects on Cleveland, Jackson and Jefferson Streets in the Town of Vinton next to the downtown revitalization corridor.

The town and the County of Roanoke entered into an agreement pursuant to the acquisition of real estate at 304 Pollard Street in the downtown corridor for the construction of a future Roanoke County Public Library. The Town's portion of the \$1,255,000 real estate transaction was \$625,000. The Town agreed to pay \$100,000 at closing with the balance of \$525,000 paid over a period of ten (10) annual installments.

The Town continues to update with the County of Roanoke, the Real Estate Tax and Appraisal and Personal Property Tax Software and billing has been successfully implemented. Roanoke County/Town of Vinton also has implemented and continues to update an Appraisal System. DMV imports have been automated and set-off debts have been automated and have improved delinquent collections. In January 2012, the Town has implemented an agreement with ACS Enterprise, Inc. for Application Hosting and Technology Support Systems and Services for the Financial Applications. They provide the Town with Technical Support, continuous software updating on the financial applications, and a disaster recovery plan in the event of some unforeseen emergency.

Prospects for the Future

Comprehensive Plan – The twenty-year Comprehensive Plan for the Town's economic and community development was adopted in September 2004. This plan which serves as the blue print for the Town's direction regarding land use, capital development, and economic progress is continuously being reviewed and updated, as needed.

Façade Improvement Program – The Façade Improvement program was envisioned from recommendations during the Vinton Comprehensive Planning process, which was adopted by Town Council in 2004. The Program provides financial assistance to small businesses, within an identified Downtown area, that wish to improve their property. The grants available under this program range from \$500 to \$5,000. The program provides a 50% reimbursement of qualified expenses, which include façade and other general property improvements undertaken in accordance with the established design guidelines for exterior improvements only and address architecture, signage, landscaping, walls, lighting, veneers, and awnings. In conjunction with the Façade Program the Town also offers a Change of Use Grant that helps property owners change zoning from Residential to Business.

Prospects for the Future (Continued)

Vinton Area Corridors Plan – The Vinton Area Corridors Plan’s purpose is to provide data and information for the Town of Vinton, Roanoke County, and the Virginia Department of Transportation (VDOT) to use in land use and transportation planning. The Town, with a population over 8,000 and a land mass slightly larger than 3 square miles is a diversifying urban area striving to sustain its distinctive small-town charm within the greater Roanoke Valley. The study area is comprised of 7.5 miles of corridors that traverse through the Town of Vinton and eastern Roanoke County. The Plan contains a number of implementation strategies that are to be completed over the next 20 years and are grouped by project names, timeframes, and responsible parties.

Accounting System and Budgetary Controls

The Town’s accounting records for governmental fund type operations are maintained on a modified accrual basis with revenues being recorded when available and measurable, and expenditures being recorded when services or goods are received and fund liabilities are incurred. Accounting records for proprietary fund types are maintained on the accrual basis with revenues and expenses being recorded when earned or incurred.

In developing or modifying the Town’s accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (a) the safeguarding of assets against loss from unauthorized use or disposition, and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived, and (b) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. The Town’s internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the department or function level by the adoption of an annual, accrual plus encumbrances basis budget for both the General and Enterprise Funds. The budgetary controls are designed to ensure compliance with legal restrictions on expenditures as established by the Town Council. Only the Council can revise appropriations. Year-end outstanding encumbrances are reported as a reserve of fund balance and re-appropriated in the subsequent year.

Cash Management

The Town uses a pooled cash concept to allow greater investment flexibility and consequently a better return on investments. Cash from all funds is pooled for investment purposes in the Commonwealth of Virginia’s Local Government Investment Pool and in Certificates of Deposit. The Town’s checking account is an interest bearing public fund demand deposit account earning interest rates tied to the 90-day US T-Bill.

Risk Management

The Town’s various property and liability insurance coverage is provided by Virginia Municipal League Insurance Programs. The annual insurance costs are allocated to specific departments and funds based on assigned equipment, number of personnel, building usage, and other equitable cost estimates.

Independent Audit

Virginia law requires that the financial statements of the Town be audited by a Certified Public Accountant (or alternatively, by the Auditor of Public Accounts) selected by the Town Council. Brown, Edwards & Company, L.L.P., has performed an annual audit of the Comprehensive Annual Financial Report. Their audit was conducted in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audit of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The auditor's report, which includes their opinion on the financial statements of the Town, is contained in this report on page one of the Financial Section. Other auditor's reports are included in the Compliance Section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a national award that recognizes conformance with the highest standards for preparation of government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

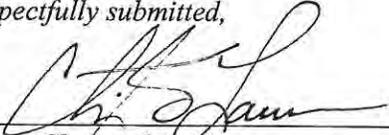
A Certificate of Achievement is valid for a period of one year only. The Town of Vinton has received a Certificate of Achievement for the past eleven fiscal years. We believe our current report continues to conform with the Certificate of Achievement Program requirements, thus, this report is being submitted to GFOA.

The Town Manager has also established a goal for the budget document to be reevaluated as a budgeting and communication tool. The GFOA budget document standards are being used as a model for improving the budget document.

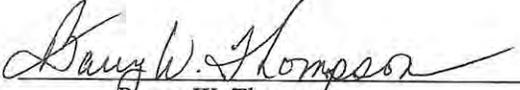
Acknowledgements

The preparation of this report was made possible through the diligent effort of the Treasurer/Finance Office with the support of all departments. Appreciation is expressed to the members of the Town Council for their interest in the preparation of the Town of Vinton's comprehensive annual financial report and to the Town's independent auditing firm, Brown, Edwards & Company, L.L.P. for their cooperation and input in this work.

Respectfully submitted,



Christopher S. Lawrence
Town Manager



Barry W. Thompson
Treasurer/Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Vinton
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

TOWN OF VINTON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2013

TOWN COUNCIL

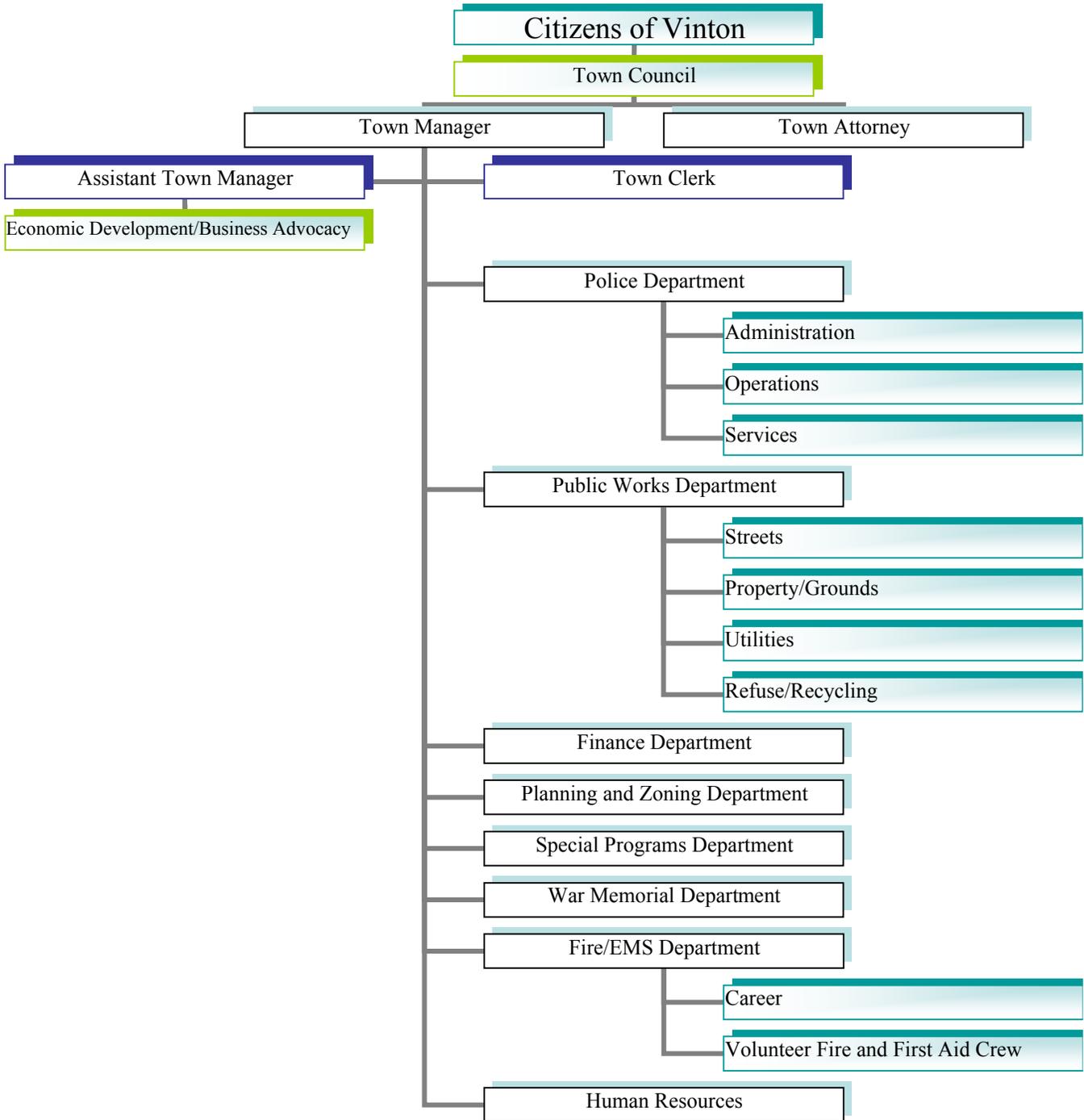
Bradley E. Grose, Mayor
William S. Nance, Vice Mayor
I. Douglas Adams, Jr.
Robert R. Altice
Matthew S. Hare

APPOINTED OFFICIALS

Christopher S. Lawrence..... Town Manager
Barry W. Thompson..... Finance Director/Treasurer
Susan Johnson Town Clerk
Ben Cook Chief of Police

INDEPENDENT AUDITORS

Brown, Edwards & Company, L.L.P.



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of Town Council
Town of Vinton, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vinton, Virginia, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *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 auditor's 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 business-type activities, and each major fund of the Town, as of June 30, 2013, and the respective changes in net position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Analysis of Funding Progress for Defined Benefit Pension Plan, and Analysis of Funding Progress for Other Postemployment Benefits be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

We have previously audited the Town's 2012 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, and each major fund in our report dated November 2, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 1, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Vinton, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- The total assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$13,263,911 (net position). Of this amount, \$2,614,216 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$193,246. This increase is largely due to the total revenues of \$10,525,134 being greater than the total expenses of \$10,331,888. In addition, an increase of \$2,305,039 (45.8%) in current and other assets occurred. Additionally, capital assets increased by \$170,327 (0.8%) with the final result being an increase of 9.7% in total assets.

On the other hand, long-term liabilities increased by \$2,082,734 (18.1%) while other liabilities increased by \$199,386 (15.1%).

The final result of all these effects is a 1.5% increase in net assets.

- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$3,131,811, an increase of \$467,050 in comparison with the prior year. This is largely due to an increase of \$553,981 (14.1%) in total assets particularly due from cash and cash equivalents as well as restricted cash and cash equivalents. In addition to this positive effect, total liabilities increased by \$86,931 (6.9%) in particular accounts payable and accrued liabilities.
- Approximately 90.6% of the ending fund balance, \$2,837,802 is available for spending at the Town's discretion (unassigned fund balance), and represents 37.6% of the governmental fund's expenditures.
- The Town's total long-term liabilities increased by \$2,082,734 (18.1%) during the current fiscal year. This increase is largely due to the refunding and issuance of a new bond as well as entering into a capital lease for police vehicles.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

Overview of the Financial Statements (Continued)

Government-wide Financial Statements (Continued) - The statement of activities presents information showing how the government'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 this statement for some items that will result only 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 Town 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 Town include general government, public safety, public works, community development, and parks, recreation, and cultural. The business-type activity of the Town is the water and sewer department.

Fund Financial Statements – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary Funds – The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its Water and Sewer Department.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Department.

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 statement.

Overview of the Financial Statements (Continued)

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town’s funding progress for the defined benefit pension plan.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets exceeded liabilities by \$13,263,911 at the close of the most recent fiscal year.

By far the largest portion of the Town’s net position (74.1%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town’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.

	The Town’s Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 4,550,233	\$ 4,006,466	\$ 2,792,637	\$ 1,031,365	\$ 7,342,870	\$ 5,037,831
Capital assets	9,757,009	9,941,952	11,268,202	10,912,932	21,025,211	20,854,884
Total assets	<u>14,307,242</u>	<u>13,948,418</u>	<u>14,060,839</u>	<u>11,944,297</u>	<u>28,368,081</u>	<u>25,892,715</u>
Long-term liabilities	5,196,537	4,992,646	8,386,978	257,999	13,583,515	5,250,645
Other liabilities	1,095,739	1,063,270	424,916	6,508,135	1,520,655	7,571,405
Total liabilities	<u>6,292,276</u>	<u>6,055,916</u>	<u>8,811,894</u>	<u>6,766,134</u>	<u>15,104,170</u>	<u>12,822,050</u>
Net position						
Net investment in capital assets	5,704,050	5,919,643	4,853,969	4,838,640	10,558,019	10,758,283
Restricted	91,676	-	-	-	91,676	-
Unrestricted	<u>2,219,240</u>	<u>1,972,859</u>	<u>394,976</u>	<u>339,523</u>	<u>2,614,216</u>	<u>2,312,382</u>
Total net position	<u>\$ 8,014,966</u>	<u>\$ 7,892,502</u>	<u>\$ 5,248,945</u>	<u>\$ 5,178,163</u>	<u>\$ 13,263,911</u>	<u>\$ 13,070,665</u>

Unrestricted net position of \$2,614,216 may be used to meet the Town’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Governmental activities – Governmental activities increased the Town’s net position by \$122,464.

For the most part, revenues closely paralleled inflation and conditions represented in the economy and growth in the demand for services. Revenues from operating grants and contributions showed a major decrease due to not receiving VDOT revenue sharing which was a significant amount in the prior year. Investment earnings also showed a decline because of a very low interest rate coupled with the declining investments and bond proceeds. However, there was an increase in gain sharing revenue due to business growth in the area.

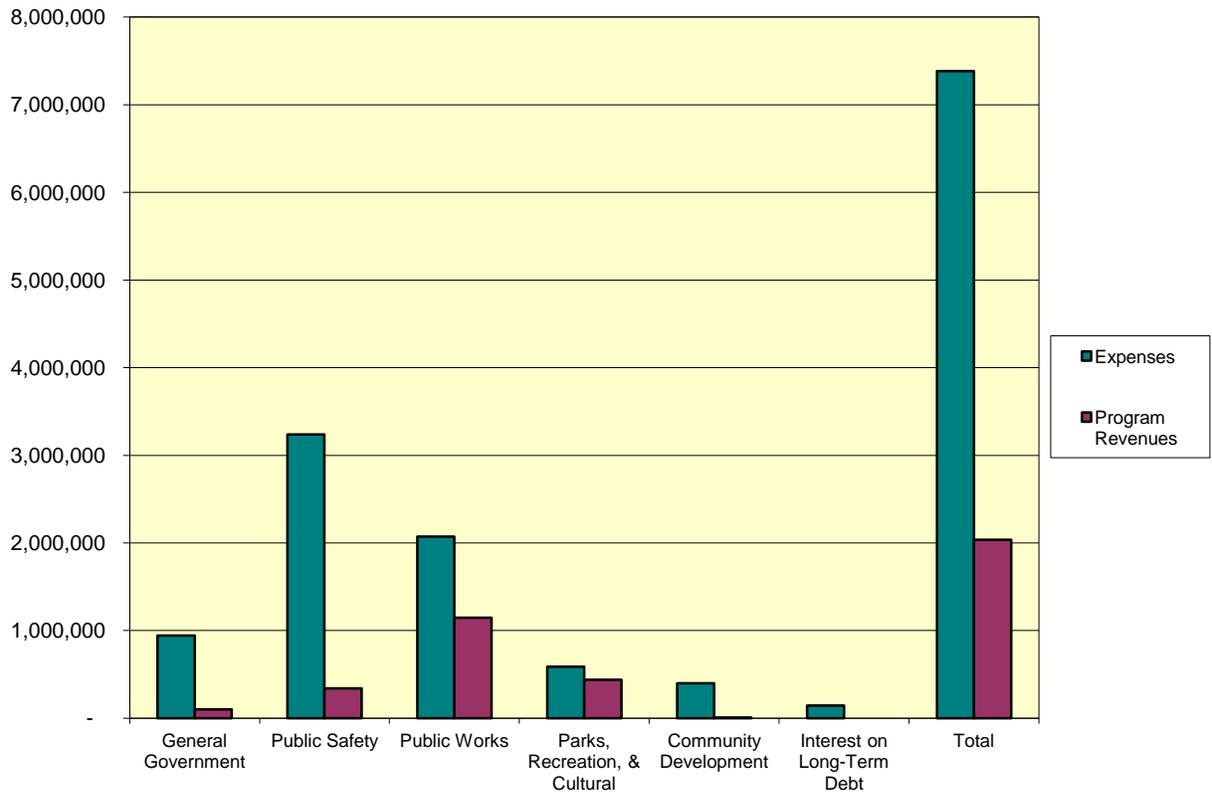
Government-wide Financial Analysis (Continued)

The Town's Changes in Net Position

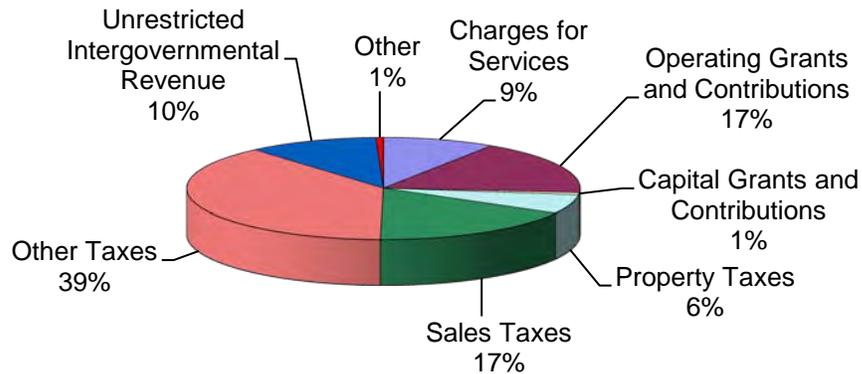
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 694,363	\$ 642,539	\$ 2,754,147	\$ 2,753,851	\$ 3,448,510	\$ 3,396,390
Operating grants and contributions	1,287,108	1,281,998	-	-	1,287,108	1,281,998
Capital grants and contributions	53,749	66,545	-	-	53,749	66,545
General revenues						
Property taxes	453,135	510,558	-	-	453,135	510,558
Other taxes	4,166,901	4,098,917	-	-	4,166,901	4,098,917
Intergovernmental unrestricted	807,117	773,617	-	-	807,117	773,617
Investment earnings	4,434	3,020	828	505	5,262	3,525
Other	41,418	184,846	261,934	287,359	303,352	472,205
Total revenues	<u>7,508,225</u>	<u>7,562,040</u>	<u>3,016,909</u>	<u>3,041,715</u>	<u>10,525,134</u>	<u>10,603,755</u>
Expenses						
General government	942,315	948,803	-	-	942,315	948,803
Public safety	3,238,361	3,214,622	-	-	3,238,361	3,214,622
Public works	2,074,464	2,062,430	-	-	2,074,464	2,062,430
Parks, recreation, and cultural	588,649	553,866	-	-	588,649	553,866
Community development	398,517	1,034,510	-	-	398,517	1,034,510
Interest on long-term debt	143,455	183,672	-	-	143,455	183,672
Water and sewer	-	-	2,946,127	3,044,342	2,946,127	3,044,342
Total expenses	<u>7,385,761</u>	<u>7,997,903</u>	<u>2,946,127</u>	<u>3,044,342</u>	<u>10,331,888</u>	<u>11,042,245</u>
Excess (deficiency) before transfers	122,464	(435,863)	70,782	(2,627)	193,246	(438,490)
Transfers	-	500,000	-	(500,000)	-	-
Change in net position	122,464	64,137	70,782	(502,627)	193,246	(438,490)
Net position – July 1	<u>7,892,502</u>	<u>7,828,365</u>	<u>5,178,163</u>	<u>5,680,790</u>	<u>13,070,665</u>	<u>13,509,155</u>
Net position – June 30	<u>\$ 8,014,966</u>	<u>\$ 7,892,502</u>	<u>\$ 5,248,945</u>	<u>\$ 5,178,163</u>	<u>\$ 13,263,911</u>	<u>\$ 13,070,665</u>

Government-wide Financial Analysis (Continued)

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Business-type activities – Business-type activities increased the Town’s net position by \$70,782. Capital grants and contributions received this fiscal year amounted to \$53,250, of which \$50,000 was a donation for the Greenway.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$3,131,811, an increase of \$467,050 in comparison with the prior year. This is largely due to an increase in total of assets of \$825,944 (26.7%) particularly an increase in cash and cash equivalents of \$407,687 (12.6%) and an increase in restricted cash and cash equivalents of \$207,840 (1217.7%) largely comprised of unspent bond proceeds. In addition to this favorable effect, accounts payable, accrued payroll and related liabilities increased by \$86,182 (76.9%).

Proprietary funds – The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Department at the end of the year amounted to \$394,976. Factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for revenues were \$75,741 primarily due to an increase in Categorical Aid by \$25,915 (2.4%), Other Revenues by \$55,057 (1001.0%), and Other Local Taxes by \$86,021 (2.1%).

Differences between the original budget and the final amended budget for expenditures were \$96,638. These differences are primarily due to increases on expenses for capital projects.

There were multiple significant variances between the final budget and the actual final results for the year. They can be briefly summarized as follows:

Some revenue forecasts in the governmental fund were not significantly realized. Current personal property tax collection was 103.4% of the budget due to budgeting too low and collections being higher on current property taxes.

On the other hand, there were also favorable variances on certain expenses. These were due to a concerted effort to control and minimize expenditures.

Significant variances in the enterprise fund are in the bulk water sales, water and sewer service billing, and recoveries and rebates. Revenue realized from bulk sale was 17.9% below the budget due to consumption whereas revenue from water and sewer service billing was short by 2.5% due to decreased consumption as well. No recoveries or rebates were received during the year. These negative variances were partially offset by a 15.4% increase in system development fees for water and sewer and a 10.7% increase in Roanoke County utility taxes.

General Fund Budgetary Highlights (Continued)

The numbers of accounts with significant favorable variances in the enterprise fund are more than the unfavorable ones. Water purchased for resale was below the budget by 33.08% due to the corresponding decrease in the bulk water sale. Expenditures which can be held off without affecting services and operations cause positive variances on contractual services (22.90%), and materials and supplies (42.10%). Wastewater treatment cost was 29.80% favorably below the budget because the projection was based on higher treatment cost which turned out to be relatively the same as last year. The favorable variance in the salaries and wage category in water was offset by the unfavorable salaries and wage category in sewer due to different actual cost allocation for expenditures than the budget. The favorable variance of 7.90% in electrical services is primarily due to rebate of previous rate increase during the year. Pump houses and pumps had to be repaired thus overshooting the budget. Some necessary repairs had to be done in the wastewater system maintenance thus exceeding the allocation by 29.10%.

Capital Asset and Debt Administration

Capital assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$21,025,211 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure, machinery, and equipment. The total decrease in the Town’s investment in capital assets for the current fiscal year was 0.82% (a 1.86% decrease for governmental activities and a 3.26% increase for business-type activities). Additional information on the Town’s capital assets can be found in Note 5 of this report.

The Town’s Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,706,089	\$ 1,706,089	\$ 80,752	\$ 80,752	\$ 1,786,841	\$ 1,786,841
Buildings and systems	5,819,107	6,105,727	8,201,314	7,645,020	14,020,421	13,750,747
Infrastructure	1,532,812	1,624,966	-	-	1,532,812	1,624,966
Improvements other than buildings	-	-	2,657,790	2,787,908	2,657,790	2,787,908
Machinery and equipment	611,959	418,128	250,199	248,925	862,158	667,053
Construction in progress	87,042	87,042	78,147	150,327	165,189	237,369
Total	<u>\$ 9,757,009</u>	<u>\$ 9,941,952</u>	<u>\$ 11,268,202</u>	<u>\$ 10,912,932</u>	<u>\$ 21,025,211</u>	<u>\$ 20,854,884</u>

Capital Asset and Debt Administration (Continued)

Long-term debt – At the end of the current fiscal year, the Town had total debt outstanding of \$13,141,085. Of this amount, \$10,543,536 comprises debt backed by the full faith and credit of the government, \$2,340,000 is related to revenue bond obligations, and \$257,549 is related to capital leases.

The Town’s Outstanding Debt General Obligation and Capital Leases						
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$ 4,176,641	\$ 4,060,000	\$ 5,941,895	\$ 3,950,222	\$ 10,118,536	\$ 6,650,222
Revenue bonds	-	-	2,340,000	2,450,000	2,340,000	2,450,000
Other obligations	425,000	475,000	-	-	425,000	475,000
Capital leases	257,549	-	-	-	257,549	-
	<u>\$ 4,859,190</u>	<u>\$ 4,535,000</u>	<u>\$ 8,281,895</u>	<u>\$ 6,400,222</u>	<u>\$ 13,141,085</u>	<u>\$ 10,935,222</u>

The Town’s total debt increased by \$2,205,863, or 20.2%, during the fiscal year. This increase is largely due to the refunding and issuance of a new bond as well as entering into a capital lease for police vehicles.

Additional information on the Town’s long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year’s Budgets and Rates

During the current year, the Town took measures to mitigate the impact of the economic downturn. Departments were also asked to delay small capital expenditures and to monitor operating expenditures for the remainder of the fiscal year.

- The unemployment rate for Roanoke County (no statistics are available for the Town individually) as of June 30, 2013 is 5.70%, which is the same as last year’s rate of 5.70%. This compares favorably to the state’s average unemployment rate as of June 30, 2013 of 5.80% percent and to the national average rate of 7.70%.
- The occupancy rate of the Town’s central business district has remained at 90% for the past five years.
- Inflationary trends in the region compare favorably to national indices.

During the current fiscal year, the unassigned fund balance in the general fund increased by \$252,855. The general fund remains strong with an increase in ending total fund balance of \$467,050. It is intended that this available fund balance will be used for future needs of the Town.

Requests for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department/Treasurer’s Office, Town of Vinton, 311 S. Pollard Street, Vinton, Virginia 24179.

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**BASIC
FINANCIAL STATEMENTS**

TOWN OF VINTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-type Activities	Totals	
			2013	(For Comparison Only) 2012
ASSETS				
Cash and cash equivalents (Note 2)	\$ 3,649,707	\$ 299,938	\$ 3,949,645	\$ 3,318,548
Receivables, net (Note 3)	265,322	523,499	788,821	756,931
Due from other governmental units (Note 4)	313,435	-	313,435	352,706
Inventories	3,584	40,615	44,199	48,340
Prepays	15,517	-	15,517	73,476
Bond issue costs, net	77,760	92,643	170,403	154,421
Cash and cash equivalents, restricted (Note 2)	224,908	1,835,942	2,060,850	333,409
Capital assets: (Note 5)				
Nondepreciable	1,793,131	158,899	1,952,030	2,024,210
Depreciable, net	7,963,878	11,109,303	19,073,181	18,830,674
Total assets	14,307,242	14,060,839	28,368,081	25,892,715
LIABILITIES				
Accounts payable and accrued liabilities	400,391	310,845	711,236	492,825
Accrued payroll and related liabilities	135,791	20,633	156,424	127,883
Accrued interest payable	30,250	82,838	113,088	151,004
Customer security deposits	-	10,600	10,600	-
Unearned revenue (Note 3)	529,307	-	529,307	549,557
Long-term liabilities: (Note 6)				
Due within one year	392,002	985,501	1,377,503	821,097
Due in more than one year	4,804,535	7,401,477	12,206,012	10,679,684
Total liabilities	6,292,276	8,811,894	15,104,170	12,822,050
NET POSITION				
Net investment in capital assets	5,704,050	4,853,969	10,558,019	10,758,283
Restricted for:				
Public safety	41,676	-	41,676	-
Parks, recreation, and cultural	50,000	-	50,000	-
Unrestricted	2,219,240	394,976	2,614,216	2,312,382
Total net position	\$ 8,014,966	\$ 5,248,945	\$ 13,263,911	\$ 13,070,665

TOWN OF VINTON, VIRGINIA

EXHIBIT 2

STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Totals	
							2013	(For Comparison Only) 2012
Governmental activities								
General government administration	\$ 942,315	\$ 101,564	\$ -	\$ -	\$ (840,751)		\$ (840,751)	\$ (845,002)
Public safety	3,238,361	89,115	250,407	-	(2,898,839)		(2,898,839)	(2,806,030)
Public works	2,074,464	110,115	1,036,701	-	(927,648)		(927,648)	(922,328)
Parks, recreation, and cultural	588,649	386,934	-	53,749	(147,966)		(147,966)	(220,144)
Community development	398,517	6,635	-	-	(391,882)		(391,882)	(1,029,645)
Interest on long-term debt	143,455	-	-	-	(143,455)		(143,455)	(183,672)
Total governmental activities	<u>7,385,761</u>	<u>694,363</u>	<u>1,287,108</u>	<u>53,749</u>	<u>(5,350,541)</u>		<u>(5,350,541)</u>	<u>(6,006,821)</u>
Business-type activities								
Water and sewer	2,946,127	2,754,147	-	-		\$ (191,980)	(191,980)	(290,491)
Total business-type activities	<u>2,946,127</u>	<u>2,754,147</u>	<u>-</u>	<u>-</u>		<u>(191,980)</u>	<u>(191,980)</u>	<u>(290,491)</u>
Total	<u>\$ 10,331,888</u>	<u>3,448,510</u>	<u>1,287,108</u>	<u>53,749</u>	<u>(5,350,541)</u>	<u>(191,980)</u>	<u>(5,542,521)</u>	<u>(6,297,312)</u>
General revenues								
					453,135	-	453,135	510,558
					1,284,455	-	1,284,455	1,247,566
					912,226	-	912,226	909,814
					785,555	-	785,555	782,487
					491,996	-	491,996	460,638
					321,976	-	321,976	296,309
					370,693	-	370,693	402,103
					807,117	-	807,117	773,617
					4,434	66	4,500	3,434
					-	762	762	91
					41,418	261,934	303,352	472,205
					<u>5,473,005</u>	<u>262,762</u>	<u>5,735,767</u>	<u>5,858,822</u>
					122,464	70,782	193,246	(438,490)
					<u>7,892,502</u>	<u>5,178,163</u>	<u>13,070,665</u>	<u>13,509,155</u>
					<u>\$ 8,014,966</u>	<u>\$ 5,248,945</u>	<u>\$ 13,263,911</u>	<u>\$ 13,070,665</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF VINTON, VIRGINIA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2013

	General Fund	
	(For Comparison Only)	
	2013	2012
ASSETS		
Cash and cash equivalents	\$ 3,649,707	\$ 3,242,020
Receivables, net	265,322	243,952
Due from other governmental units	313,435	352,706
Inventories	3,584	-
Prepays	15,517	62,746
Cash and cash equivalents, restricted	224,908	17,068
Total assets	<u>\$ 4,472,473</u>	<u>\$ 3,918,492</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 400,391	\$ 337,896
Accrued payroll and related liabilities	135,791	112,104
Deferred revenue (Note 3)	804,480	803,731
Total liabilities	<u>1,340,662</u>	<u>1,253,731</u>
FUND BALANCES		
Nonspendable	19,101	62,746
Restricted	274,908	17,068
Unassigned	2,837,802	2,584,947
Total fund balances	<u>3,131,811</u>	<u>2,664,761</u>
Total liabilities and fund balances	<u>\$ 4,472,473</u>	<u>\$ 3,918,492</u>

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2013**

	General Fund	
	(For Comparison Only)	
	2013	2012
Total Fund Balances – Governmental Fund	\$ 3,131,811	\$ 2,664,761
 Amounts reported for governmental activities in the statement of net position are different because:		
 Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 17,904,269	
Less: accumulated depreciation	(8,147,260)	
	9,757,009	9,941,952
 Bond issuance costs and premiums are reported as expenditures or revenues in the governmental funds, but are amortized over the life of the debt obligation in the statement of net position:		
 Issuance costs on debt issuances total \$129,287 and accumulated amortization is \$(51,527).		
	77,760	
 Bond premiums total \$(67,856) and accumulated amortization is \$24,114.		
	(43,742)	
	34,018	37,691
 Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
	275,173	254,174
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds, including unamortized deferred amounts	(4,012,660)	
Obligation payable – Roanoke County	(425,000)	
Capital lease obligations	(257,549)	
Accrued interest payable	(30,250)	
Compensated absences	(415,865)	
Other postemployment benefits	(41,721)	
	(5,183,045)	(5,006,076)
Total Net Position – Governmental Activities	\$ 8,014,966	\$ 7,892,502

TOWN OF VINTON, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
Year Ended June 30, 2013

	General Fund	
	2013	(For Comparison Only) 2012
REVENUES		
General property taxes	\$ 430,968	\$ 447,877
Other local taxes	4,166,914	4,082,076
Permits, privilege fees, and regulatory licenses	10,861	9,273
Fines and forfeitures	73,107	75,989
Revenues from use of money and property	105,998	105,666
Charges for services	387,049	333,832
Other	72,337	18,522
Gain sharing	594,173	564,417
Recovered costs	146,157	180,390
Non-categorical aid	401,898	400,789
Categorical aid	1,097,764	1,157,690
Total revenues	<u>7,487,226</u>	<u>7,376,521</u>
EXPENDITURES		
Current:		
General government administration	632,136	618,951
Public safety	3,005,917	2,948,155
Public works	1,892,656	1,834,120
Parks, recreation, and cultural	547,604	518,579
Community development	386,592	544,245
Capital projects	542,235	160,752
Debt service:		
Principal retirement	335,766	267,595
Interest and fiscal charges	174,699	185,715
Bond issuance costs	36,638	-
Total expenditures	<u>7,554,243</u>	<u>7,078,112</u>
Excess (deficiency) of revenues over expenditures	<u>(67,017)</u>	<u>298,409</u>
OTHER FINANCING SOURCES (USES)		
Proceeds from issuance of long-term debt	2,411,641	-
Payments to refunded bond escrow agent	(2,190,889)	-
Proceeds from capital lease	313,315	-
Proceeds from sale of capital assets	-	130,951
Transfers in	-	500,000
Total other financing sources	<u>534,067</u>	<u>630,951</u>
Net change in fund balances	467,050	929,360
FUND BALANCES AT JULY 1	<u>2,664,761</u>	<u>1,735,401</u>
FUND BALANCES AT JUNE 30	<u><u>\$ 3,131,811</u></u>	<u><u>\$ 2,664,761</u></u>

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013**

	<u>General Fund</u>	
		(For Comparison Only)
	<u>2013</u>	<u>2012</u>
Net change in fund balances governmental fund	\$ 467,050	\$ 929,360
Amounts reported for governmental activities in the statement of activities are different because:		
The net effect of the change in accrued interest expense is not reflected in the fund statements.	33,463	5,143
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation \$(657,425) exceeded capital outlays \$472,482 in the current period.	(184,943)	(661,787)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	20,999	54,568
The issuance of long-term debt 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 has any effect on net position. Also, governmental funds report issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences.	(163,882)	(210,505)
Some items 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. These activities consist of an increase in compensated absences of \$(47,791) and an increase in other postemployment benefits of \$(2,432).	(50,223)	(52,642)
Change in net position of governmental activities	<u>\$ 122,464</u>	<u>\$ 64,137</u>

TOWN OF VINTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
General property taxes	\$ 501,450	\$ 416,644	\$ 430,968	\$ 14,324
Other local taxes	4,086,585	4,172,606	4,166,914	(5,692)
Permits, privilege fees, and regulatory licenses	11,375	10,861	10,861	-
Fines and forfeitures	73,725	73,107	73,107	-
Revenues from use of money and property	100,850	105,998	105,998	-
Charges for services	384,500	389,199	387,049	(2,150)
Other	5,500	60,557	72,337	11,780
Gain sharing	605,000	594,173	594,173	-
Recovered costs	151,750	146,157	146,157	-
Non-categorical aid	400,639	401,898	401,898	-
Categorical aid	1,071,849	1,097,764	1,097,764	-
Total revenues	<u>7,393,223</u>	<u>7,468,964</u>	<u>7,487,226</u>	<u>18,262</u>
EXPENDITURES				
Current:				
General government administration	668,974	675,925	632,136	43,789
Public safety	3,126,117	3,133,829	3,005,917	127,912
Public works	1,960,857	1,960,857	1,892,656	68,201
Parks, recreation, and cultural	550,007	552,007	547,604	4,403
Community development	420,605	420,602	386,592	34,010
Non-departmental	38,883	(88)	-	(88)
Capital projects	117,035	235,984	542,235	(306,251)
Debt service:				
Principal retirement	334,863	334,863	335,766	(903)
Interest and fiscal charges	180,882	180,882	174,699	6,183
Bond issuance costs	-	-	36,638	(36,638)
Total expenditures	<u>7,398,223</u>	<u>7,494,861</u>	<u>7,554,243</u>	<u>(59,382)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	2,265,929	2,411,641	145,712
Payments to refunded bond escrow agent	-	-	(2,190,889)	(2,190,889)
Proceeds from capital lease	-	-	313,315	313,315
Proceeds from sale of capital assets	5,000	-	-	-
Total other financing sources	<u>5,000</u>	<u>2,265,929</u>	<u>534,067</u>	<u>(1,731,862)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,240,032</u>	<u>\$ 467,050</u>	<u>\$ (1,772,982)</u>

TOWN OF VINTON, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2013

	Business-type Activities – Enterprise Fund Water and Sewer	
	2013	(For Comparison Only) 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 299,938	\$ 76,528
Receivables, net	523,499	512,979
Inventories	40,615	48,340
Prepays	-	10,730
Cash and cash equivalents, restricted	1,835,942	316,341
Total current assets	<u>2,699,994</u>	<u>964,918</u>
Noncurrent assets:		
Bond issue costs, net	92,643	66,447
Capital assets:		
Nondepreciable	158,899	231,079
Depreciable, net	11,109,303	10,681,853
Total noncurrent assets	<u>11,360,845</u>	<u>10,979,379</u>
Total assets	<u>14,060,839</u>	<u>11,944,297</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	310,845	154,929
Accrued payroll and related liabilities	20,633	15,779
Accrued interest payable	82,838	87,291
Customer security deposits	10,600	-
Current portion of noncurrent liabilities	985,501	442,348
Total current liabilities	<u>1,410,417</u>	<u>700,347</u>
Noncurrent liabilities:		
Due in more than one year	7,401,477	6,065,787
Total noncurrent liabilities	<u>7,401,477</u>	<u>6,065,787</u>
Total liabilities	<u>8,811,894</u>	<u>6,766,134</u>
NET POSITION		
Net investment in capital assets	4,853,969	4,838,640
Unrestricted	394,976	339,523
Total net position	<u>\$ 5,248,945</u>	<u>\$ 5,178,163</u>

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2013

	Business-type Activities – Enterprise Fund Water and Sewer	
	2013	(For Comparison Only) 2012
OPERATING REVENUES		
Water service charges and fees	\$ 1,250,580	\$ 1,241,260
Sewer service charges and fees	1,452,410	1,460,204
Water/sewer penalties	51,157	52,387
Other revenue	261,934	287,359
Total operating revenues	<u>3,016,081</u>	<u>3,041,210</u>
OPERATING EXPENSES		
Salaries	773,781	759,718
Fringe benefits	265,366	280,630
Contractual services	84,610	62,851
Maintenance	93,288	120,322
Rent, utilities, and insurance	273,443	256,395
Materials and supplies	95,739	94,960
Equipment repairs and rentals	34,395	85,090
Sewage treatment	269,249	294,961
Purchase of water	106,505	115,135
Other	133,257	117,621
Depreciation	605,004	619,337
Amortization	4,330	4,330
Total operating expenses	<u>2,738,967</u>	<u>2,811,350</u>
Operating income	<u>277,114</u>	<u>229,860</u>
NON-OPERATING REVENUE (EXPENSE)		
Interest income	828	505
Interest expense	(207,160)	(232,992)
Net non-operating expense	<u>(206,332)</u>	<u>(232,487)</u>
Income (loss) before transfers	70,782	(2,627)
TRANSFERS IN (OUT)	-	(500,000)
Change in net position	70,782	(502,627)
NET POSITION AT JULY 1	<u>5,178,163</u>	<u>5,680,790</u>
NET POSITION AT JUNE 30	<u>\$ 5,248,945</u>	<u>\$ 5,178,163</u>

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2013

	Business-type Activities –	
	Enterprise Fund	
	Water and Sewer	
	(For Comparison	
	Only)	
	2013	2012
OPERATING ACTIVITIES		
Receipts from customers	\$ 2,754,227	\$ 2,807,529
Receipts from other sources	261,934	287,359
Payments to suppliers	(957,124)	(1,119,453)
Payments to employees	(1,033,455)	(1,029,454)
Net cash provided by operating activities	<u>1,025,582</u>	<u>945,981</u>
NONCAPITAL FINANCING ACTIVITIES		
Transfers from (to) other funds	-	(500,000)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(919,265)	(39,273)
Principal paid on long-term liabilities	(428,247)	(413,586)
Proceeds from long-term liabilities	2,309,920	-
Debt issuance costs	(30,526)	-
Interest paid	(215,281)	(240,948)
Net cash provided by (used in) capital and related financing activities	<u>716,601</u>	<u>(693,807)</u>
INVESTING ACTIVITIES		
Interest received on investments	828	505
Net increase (decrease) in cash and cash equivalents	<u>1,743,011</u>	<u>(247,321)</u>
CASH AND CASH EQUIVALENTS		
Beginning at July 1	392,869	640,190
Ending at June 30	<u>\$ 2,135,880</u>	<u>\$ 392,869</u>
RECONCILIATION TO EXHIBIT 8		
Cash and cash equivalents	\$ 299,938	\$ 76,528
Cash and cash equivalents, restricted	1,835,942	316,341
	<u>\$ 2,135,880</u>	<u>\$ 392,869</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 277,114	\$ 229,860
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	609,334	623,667
Change in certain assets and liabilities:		
(Increase) decrease in:		
Receivables, net	(10,520)	53,678
Inventories	7,725	(16,751)
Prepays	10,730	3,481
Increase in:		
Accounts payable and accrued liabilities	114,907	41,152
Accrued payroll and related liabilities	4,854	7,537
Customer security deposits	10,600	-
Compensated absences	551	1,509
Other post employment benefits	287	1,848
Net cash provided by operating activities	<u>\$ 1,025,582</u>	<u>\$ 945,981</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset purchases included in accounts payable	<u>\$ 41,009</u>	<u>\$ -</u>

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The Town of Vinton was established in 1884. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Town Council consists of a mayor and four other council members. The Town is part of Roanoke County and has taxing powers subject to state-wide restrictions and tax limits.

Vinton provides a full range of municipal services including police, refuse collection, recycling, public improvements, planning and zoning, general administrative services, fire, first aid, recreation, and water and sewer services. Fire and first-aid services are supplemented by volunteer departments.

Jointly Governed Organizations

Roanoke Valley Resource Authority:

The Town of Vinton, Roanoke County, and the City of Roanoke jointly participate in the Roanoke Valley Resource Authority, which operates a regional solid waste disposal system that includes a sanitary landfill, waste collection, and transfer station. The Authority is governed by a board composed of seven members appointed by the governing bodies of participating jurisdictions. Town Council appoints one member. The Town has control over the budget and financing of the Authority only to the extent of representation by the board member appointed. The participating localities are each responsible for their pro-rata share, based on population, of any year-end operating deficit. For the current year, the Town remitted \$180,362 to the Authority for services. A separate financial statement can be obtained from the Roanoke Valley Resource Authority, 110 Hollins Road, NE, Roanoke, Virginia 24012.

Roanoke Valley Regional Pound Facility:

The Counties of Roanoke and Botetourt, the City of Roanoke, the Town of Vinton, and the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. formed the Advisory Board of the Roanoke Valley Regional Pound Facility to construct and operate a regional pound facility. The Board is composed of nine members. Each locality's financial obligation is based on the number of animals caged per day at the facility. The Town's proportionate share totaled \$40,596 for the current year. Separate financial statements are not available.

Roanoke County Emergency Communications Center:

The Town participates in an intergovernmental agreement with the County of Roanoke for the operation of a E-911 dispatch center. All personnel of the Center are employees of Roanoke County. The Director of Communications & Information Technology in coordination with the Emergency Communications Center Advisory Board is responsible for oversight of the Center. The Assistant Director for Communications and Information Technology is responsible for the day-to-day operational management of the Center. The Town and County contribute to the operational cost of the Center based on the pro rata share of call volume. The Town's share of the operating cost was approximately \$474,923 in the current year. Separate financial statements are not available.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Joint Venture

Regional Fire Training Facility:

The Town participates in an intergovernmental agreement with the County of Roanoke and the Cities of Roanoke and Salem for the operation of a regional fire training facility. The Roanoke Valley Regional Fire Training Academy Board is responsible for overseeing the management, operation, and administration of the Academy. Each participating jurisdiction maintains a leasehold interest in the project and shares costs of operation and maintenance equal to the jurisdiction's payment percentage as defined in the agreement. The Town's participating interest is 4%. The Town's share of the operating cost was approximately \$3,805 in the current year. Separate financial statements are not available.

B. Individual Component Unit Disclosures

As required by generally accepted accounting principles, these financial statements present the Town as the primary government. A *component unit* is an entity for which the primary government is considered to be financially accountable. There are no component units within this reporting entity.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *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.

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*.

Separate financial statements are provided for the governmental fund and proprietary fund.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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 proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. 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 Town considers revenue as available if it is collected within 45 days of the end of the current fiscal period. 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Town reports the following major proprietary fund:

The *enterprise fund* accounts for the financing of services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges, or where management has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for management control, accountability, or other purposes. The enterprise fund consists of the activities relating to water and sewer services.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Budgets and Budgetary Accounting

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

- 1) Prior to June 30, the Town Manager submits to Council a proposed operating and capital budget for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to June 30, the budgets for the general and enterprise funds are legally enacted through passage of an appropriations ordinance. Town Council may, from time to time, amend the budget providing for additional expenditures and the means for financing them. Town Council approved additional general fund appropriations of approximately \$96,638 during the fiscal year ended June 30, primarily for capital projects deferred from the prior year and additional operating expenditures.
- 4) The appropriations ordinance places legal restrictions on expenditures at the department or function level. Management can over-expend at the line item level without approval of Town Council. The appropriation for each department or function can be revised only by Town Council. The Town Manager is authorized to transfer budget amounts within departments. All budget data presented in Exhibit 7 is at the legal level of budgetary control.
- 5) Formal budgetary integration is employed as a management control device during the year for the general and enterprise funds.
- 6) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7) Appropriations lapse on June 30.
- 8) All budget data presented in the accompanying financial statements are revised as of June 30.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents are defined as short-term, highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased.

G. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

H. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market method.

I. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets acquired subsequent to July 1, 2001, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. *Capital assets* are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Machinery and equipment	3-10 years
Utility plant	20-40 years
Public domain infrastructure	25-40 years
Sewage treatment contract	30 years

J. Capitalization of Interest

The Town capitalizes net interest costs on funds borrowed to finance the construction of proprietary capital assets. Interest is not capitalized on the construction of assets used in governmental activities. There was \$23,486 of interest capitalized in the current year.

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

K. Compensated Absences

The Town has policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only when the leave is due and payable.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, *long-term debt* and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources.

The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** – 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** – Amounts constrained to specific purposes by the Town, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Town intends to use for a specified purpose; intent can be expressed by the governing body.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

M. Fund Balances (Continued)

Council establishes fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established by Council 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).

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

The Town does not have a minimum fund balance policy or target for the General Fund.

N. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

O. Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the prior year from which the summarized information was derived.

P. Reclassifications

Certain amounts in the prior-year comparison information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

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

Investment Policy:

Statutes authorize the Town 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, and bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Pursuant to Section 2.1-234.7 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regulatory scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share). The investment policy (the "Policy") specifies that no investment may have a maturity greater than one year from the date of purchase.

Credit Risk:

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Investors Service, provided that the issuing corporation has a net worth of at least \$50 million and its long-term debt is rated "A" or better by Moody's and Standard & Poor's. Bankers' acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service.

Although the intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity, the Policy places no limit on the amount the Town may invest in any one issuer.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Interest Rate Risk:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town’s investment policy specifies that no investment may have a maturity greater than two years from the date of purchase, and the average maturity of the portfolio must not exceed 1 year.

Custodial Credit Risk:

The Policy requires that all investment securities shall be held in safekeeping by a third-party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction.

As of June 30, the Town did not have any investments.

	Fair Value
Deposits	\$ 6,005,944
Reconciliation of deposits to Exhibit 1:	
Cash and cash equivalents, excluding \$4,551 cash on hand	\$ 3,945,094
Cash and cash equivalents, restricted	2,060,850
Total deposits	\$ 6,005,944

Restricted cash and cash equivalents consists of \$2,011,374 of unspent bond proceeds, \$7,800 of utility deposits, and \$41,676 of ATF, DCJS, and State seized funds that can only be used for specific purposes.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Receivables

Receivables consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Receivables			
Taxes	\$ 391,931	\$ -	\$ 391,931
Accounts	12,018	580,299	592,317
	<u>403,949</u>	<u>580,299</u>	<u>984,248</u>
Gross receivables	403,949	580,299	984,248
Less allowance for uncollectibles	<u>138,627</u>	<u>56,800</u>	<u>195,427</u>
Receivables, net	<u>\$ 265,322</u>	<u>\$ 523,499</u>	<u>\$ 788,821</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Included in receivables:			
Delinquent property taxes receivable	\$ 101,754	\$ 672	\$ 102,426
Vehicle license fee	32,938	-	32,938
Sales tax	112,142	-	112,142
Communication taxes	28,339	-	28,339
	<u>275,173</u>	<u>672</u>	<u>275,845</u>
Included in cash:			
Subsequent years' tax collections	<u>-</u>	<u>528,635</u>	<u>528,635</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 275,173</u>	<u>\$ 529,307</u>	<u>\$ 804,480</u>

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 4. Due from Other Governmental Units

A summary of funds due from other governmental units was as follows:

Commonwealth of Virginia	
Communication taxes	\$ 54,992
Miscellaneous non-categorical aid	<u>5,911</u>
	<u>60,903</u>
County of Roanoke	
Local sales taxes	219,577
Transport fees	<u>32,955</u>
	<u>252,532</u>
	<u><u>\$ 313,435</u></u>

Note 5. Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	\$ 1,706,089	\$ -	\$ -	\$ 1,706,089
Construction in progress	87,042	-	-	87,042
Total capital assets, not depreciated	<u>1,793,131</u>	<u>-</u>	<u>-</u>	<u>1,793,131</u>
Capital assets, depreciated				
Buildings and improvements	9,325,453	-	44,743	9,280,710
Machinery and equipment	3,925,272	472,482	-	4,397,754
Infrastructure	2,432,674	-	-	2,432,674
Total capital assets, depreciated	<u>15,683,399</u>	<u>472,482</u>	<u>44,743</u>	<u>16,111,138</u>
Less accumulated depreciation for:				
Buildings and improvements	3,219,726	286,620	44,743	3,461,603
Machinery and equipment	3,507,144	278,651	-	3,785,795
Infrastructure	807,708	92,154	-	899,862
Total accumulated depreciation	<u>7,534,578</u>	<u>657,425</u>	<u>44,743</u>	<u>8,147,260</u>
Total capital assets, depreciated, net	<u>8,148,821</u>	<u>(184,943)</u>	<u>-</u>	<u>7,963,878</u>
Governmental activities capital assets, net	<u><u>\$ 9,941,952</u></u>	<u><u>\$ (184,943)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,757,009</u></u>

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets (Continued)

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 80,752	\$ -	\$ -	\$ 80,752
Construction in progress	150,327	101,633	173,813	78,147
Total capital assets, not depreciated	<u>231,079</u>	<u>101,633</u>	<u>173,813</u>	<u>158,899</u>
Capital assets, depreciated				
Utility plant	17,752,902	1,000,704	-	18,753,606
Sewage treatment contract	3,816,857	-	-	3,816,857
Machinery and equipment	1,105,406	31,750	-	1,137,156
Total capital assets, depreciated	<u>22,675,165</u>	<u>1,032,454</u>	<u>-</u>	<u>23,707,619</u>
Less accumulated depreciation for:				
Utility plant	10,107,882	444,410	-	10,552,292
Sewage treatment contract	1,028,949	130,118	-	1,159,067
Machinery and equipment	856,481	30,476	-	886,957
Total accumulated depreciation	<u>11,993,312</u>	<u>605,004</u>	<u>-</u>	<u>12,598,316</u>
Total capital assets, depreciated, net	<u>10,681,853</u>	<u>427,450</u>	<u>-</u>	<u>11,109,303</u>
Business-type activities capital assets, net	<u>\$ 10,912,932</u>	<u>\$ 529,083</u>	<u>\$ 173,813</u>	<u>\$ 11,268,202</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 297,648
Public safety	160,180
Public works	184,341
Parks, recreation, and cultural	15,256
	<u>\$ 657,425</u>
Business-type activities	
Water and sewer	<u>\$ 605,004</u>

Construction Commitments

The Town has no active construction projects as of June 30, 2013. The Town does have partially completed construction in progress in governmental activities, but there are no outstanding construction commitments related to these activities. The construction in progress for governmental activities is related to design and study costs that the Town has done for future projects. The amounts in construction in progress in the water and sewer fund are associated with the outstanding construction commitments discussed below under sewage treatment contract.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets (Continued)

Sewage Treatment Contract

Through its participation in an agreement with four other localities for the expansion of the regional sewage treatment plant and interceptors, the Town has contractual rights to predetermined capacity in both the plant and interceptors through 2034.

The plant is upgrading its facilities to improve compliance with DEQ peak flow requirements. Modifications costing approximately \$17 million are currently under construction. The Town's share will be approximately 5.5% or \$987 thousand, which is being funded with general obligation bonds issued in the current fiscal year through the Virginia Resources Authority.

The Town is required to contribute \$66,000 annually to a capital reserve fund for ongoing maintenance of the system. The Town has made the annual required contribution since the formation of the Authority in 2005.

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 4,060,000	\$ 2,411,641	\$ (2,295,000)	\$ 4,176,641	\$ 304,241
Obligation payable – Roanoke County	475,000	-	(50,000)	425,000	50,000
Deferred amounts on refunding	-	(163,981)	-	(163,981)	(151,367)
Bond premiums	50,283	-	(6,541)	43,742	3,606
Capital leases	-	313,315	(55,766)	257,549	48,287
Compensated absences	368,074	142,997	(95,206)	415,865	137,235
Other postemployment benefits	39,289	35,756	(33,324)	41,721	-
	<u>\$ 4,992,646</u>	<u>\$ 2,739,728</u>	<u>\$ (2,535,837)</u>	<u>\$ 5,196,537</u>	<u>\$ 392,002</u>
Business-type Activities					
General obligation bonds	\$ 3,950,222	\$ 2,309,920	\$ (318,247)	\$ 5,941,895	\$ 854,507
Revenue bonds	2,450,000	-	(110,000)	2,340,000	115,000
Bond Premiums	56,858	-	(3,668)	53,190	3,668
Compensated absences	46,855	10,983	(10,432)	47,406	12,326
Other postemployment benefits	4,200	4,234	(3,947)	4,487	-
	<u>\$ 6,508,135</u>	<u>\$ 2,325,137</u>	<u>\$ (446,294)</u>	<u>\$ 8,386,978</u>	<u>\$ 985,501</u>

The general fund has been used to liquidate the liability for compensated absences, net pension obligation, and net other postemployment benefits.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6. Long-Term Liabilities (Continued)

The annual requirements to amortize long-term debt and related interest are as follows:

Fiscal Year	Governmental Activities						Business-type Activities			
	General Obligation Bonds		Capital Leases		Obligations Payable Roanoke County		General Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 304,241	\$ 128,498	\$ 48,287	\$ 8,323	\$ 50,000	\$ -	\$ 854,507	\$ 167,059	\$ 115,000	\$ 106,625
2015	307,961	117,506	49,847	6,762	50,000	-	307,151	152,079	120,000	101,925
2016	317,793	107,838	51,458	5,151	50,000	-	316,710	142,519	120,000	97,125
2017	320,905	99,269	53,120	3,489	55,000	-	326,570	132,662	125,000	92,538
2018	328,927	90,550	54,837	1,772	55,000	-	336,735	122,495	130,000	87,750
2019-2023	1,616,339	312,825	-	-	165,000	-	1,848,616	448,538	755,000	341,200
2024-2028	980,475	74,155	-	-	-	-	1,400,750	165,836	975,000	126,875
2029-2033	-	-	-	-	-	-	550,856	40,145	-	-
	<u>\$ 4,176,641</u>	<u>\$ 930,641</u>	<u>\$ 257,549</u>	<u>\$ 25,497</u>	<u>\$ 425,000</u>	<u>\$ -</u>	<u>\$ 5,941,895</u>	<u>\$ 1,371,333</u>	<u>\$ 2,340,000</u>	<u>\$ 954,038</u>

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business-type Activities
General Obligation Bonds:						
Virginia Resources Authority Taxable:						
G.O. Water and Sewer Bonds	3.00%	01/17/97	12/01/13	\$ 1,120,000	\$ -	\$ 48,716
G.O. Public Improvement Bonds	2.38-4.48%	11/04/04	11/01/14	1,015,000	95,000	-
G.O. Public Improvement Bonds	3.64-4.96%	06/01/06	10/01/26	755,000	590,000	-
Virginia Revolving Loan Fund:						
G.O. Water and Sewer Bonds	3.30%	07/24/03	07/01/24	1,250,704	-	831,555
G.O. Water and Sewer Bonds	3.10%	10/01/04	10/01/26	2,479,000	-	1,867,582
G.O. Water and Sewer Bonds	3.10%	01/12/06	03/01/26	1,210,000	-	884,122
Virginia Association of Counties:						
G.O. Public Improvement Bonds	2.50-4.38%	12/15/04	08/01/14	2,500,000	235,000	-
G.O. Public Improvement Bonds	3.75-5.25%	02/08/07	02/01/27	1,045,000	845,000	-
G.O. Public Improvement Bonds	Various	11/07/12	05/31/14	500,000	-	500,000
Capital One Public Funding:						
G.O. Public Improvement Bonds	2.85%	06/27/13	11/01/32	1,993,152	183,232	1,809,920
Carter Bank and Trust:						
G.O. Refunding Bonds	2.05%	06/27/13	11/01/24	2,228,409	2,228,409	-
					<u>4,176,641</u>	<u>5,941,895</u>
			Less deferred amounts on refunding, net of amortization		(163,981)	-
			Plus bond premium, net of amortization		43,742	-
					<u>\$ 4,056,402</u>	<u>\$ 5,941,895</u>

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 6. Long-Term Liabilities (Continued)

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
<u>Revenue Bonds:</u>						
Virginia Association of Counties:						
Revenue Water and Sewer Bonds	3.50-5.00%	12/19/07	08/01/27	2,750,000	\$ -	\$ 2,340,000
		Plus bond premium, net of amortization			-	53,190
					<u>\$ -</u>	<u>\$ 2,393,190</u>
<u>Capital Leases:</u>						
Kansas State Bank	3.23%	09/06/12	10/06/17	\$ 313,315	\$ 257,549	\$ -
<u>Obligations Payable:</u>						
Roanoke County	0.00%	07/01/11	07/01/20	\$ 625,000	\$ 425,000	\$ -

Current Year Debt Issuance and Defeasances of Debt

On June 27, 2013, the Town issued \$4,221,561 in series 2013 general obligation bonds with interest rates of 2.05%-2.85%. \$2,228,409 of this issuance was used to advance refund \$2,065,000 of outstanding 2004 and 2004A series general obligations bonds with interest rates of 2.38%-4.48%. The net proceeds of \$2,190,889 were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2004 and 2004A series general obligation bonds. As a result, \$1,465,000 of the 2004, and \$600,000 of the 2004A series general obligations bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying value of the old debt of \$163,981. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being amortized over the remaining life of the old bonds as a component of interest expense through the year 2015. The Town completed the advance refunding to reduce its total debt service payments by \$156,640 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$144,547.

Note 7. Defined Benefit Pension Plan

Plan Description

The Town of Vinton contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the "System"). All full-time, salaried permanent (professional) employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

VRS administers two defined benefit plans for local government employees – Plan 1 and Plan 2:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plans 1 and 2, average final compensation is the average of the member's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for non-vested Plan 1 members and Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

TOWN OF VINTON, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2013**

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; for non-vested Plan 1 members and Plan 2 members, the COLA cannot exceed 3.00%. During years of no inflation or deflation, the COLA is 0.00%. All active employees not within 5 years of eligibility for unreduced retirements as of January 1, 2013 and retiring with less than 20 years of service will have their COLA deferred to one year after their unreduced retirement date after beginning to receive benefits. All active employees within 5 years of eligibility for unreduced retirement as of January 1, 2013 are grandfathered into the old provisions with no deferral of the COLA. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS Web site at <http://www.varetire.org/PDF/Publications/2012-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended June 30, 2013 was 8.48% of annual covered payroll.

Annual Pension Cost

For the fiscal year ended June 30, 2013, the Town's annual pension cost of \$286,775 for VRS was equal to the required and actual contributions.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	\$ 286,775	100 %	\$ -
June 30, 2012	\$ 419,249	100 %	\$ -
June 30, 2011	\$ 452,742	100 %	\$ -

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 7. Defined Benefit Pension Plan (Continued)

The fiscal year 2013 required contribution was determined as part of the June 30, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumption at June 30, 2012 included (a) an investment rate of return (net of administrative expenses) of 7.00% (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% per year for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases also include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the plan was 79.89% funded. The actuarial accrued liability for benefits was \$15,312,040, and the actuarial value of assets was \$12,232,068, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,079,972. The covered payroll (annual payroll of active employees covered by the plan) was \$2,978,778, and the ratio of the UAAL to the covered payroll was 103.40%.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Note 8. Other Postemployment Benefits

Plan Description

The Town provides postemployment medical and dental benefits to its eligible retirees and their dependents who elect to stay in the plans. At retirement, retirees under the age of 65 may participate in one of the Town's health and dental plans and may continue coverage under these plans until age 65 or becoming eligible for Medicare, whichever comes first. The Town contributes \$200 per month towards this coverage with the retiree paying the remainder of the premium. Medicare-eligible retirees may participate in the Medicare supplement only and pay 100% of the Medicare supplement premium. The retirees receive an implicit benefit from participating in the Town's health and dental plans through lower insurance rates created by the blending of the retirees with active employee's rates. The Town Council may change, add, or delete benefits (including contributions required of retired employees) as deemed appropriate.

Participants are eligible for the plan at age 55 if they have completed 25 years of service. Retiring employees must have been active employees when they retire.

The plan does not provide audited financial statements.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8. Other Postemployment Benefits (Continued)

Funding Policy

The Town currently funds postemployment benefits on a pay-as-you-go basis. The Town does not intend to establish a trust to pre-fund this liability.

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2013, the Town's annual OPEB cost (expense) of \$39,700 was equal to its Annual Required Contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. For the year ended 2013, the Town's pay-as-you-go funding totaled \$37,271 and resulted in a Net OPEB obligation of \$46,208. The pay-as-you-go funding includes the Town's contribution towards retiree health care premiums of \$7,800, and an implicit subsidy of the retiree health care premiums created through the blending of active employee and retiree insurance rates.

Annual required contribution	\$	39,700
Interest on net OPEB obligation		1,740
Adjustment to annual required contribution		(1,450)
		39,990
Annual OPEB cost		39,990
Less funding		(37,271)
		2,719
Increase in net OPEB obligation		2,719
Net OPEB obligation-beginning of year		43,489
		46,208
Net OPEB obligation-end of year	\$	46,208

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012, and 2011 are as follows:

Fiscal Year Ended	OPEB Obligation	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 39,900	93.2%	\$ 46,208
June 30, 2012	\$ 67,256	74.7%	\$ 43,489
June 30, 2011	\$ 56,002	80.0%	\$ 26,452

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 8. Other Postemployment Benefits (Continued)

Funded Status and Funding Progress

As of January 1, 2012, the Town's most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) for benefits was \$279,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,109,500, and the ratio of the UAAL to the covered payroll was 9.00%.

Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

In the January 1, 2012 actuarial valuation, the projected unit credit cost method was used to determine the liabilities. Under this method, the post-retirement health costs are assumed to be earned ratably from the date of hire to the participant's full eligibility age. The actuarial assumptions used a 4.00% discount rate and an initial annual healthcare cost trend of 7.20% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.80%. The unfunded accrued liability is being amortized over 30 years. The remaining amortization period at June 30, 2013 is 30 years.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 9. Service Contracts

Sewage Treatment

The Town is party to an agreement, dated November 1, 2003, with the Western Virginia Water Authority for the Authority to provide the transportation and treatment of waste at a specified rate to be adjusted annually on July 1, based on the actual operating and maintenance costs for the previous year. The 30-year agreement provides for a surcharge in the event waste content or volume exceeds certain limits or the cost is less than the amount paid by users.

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 9. Service Contracts (Continued)

Water Purchases/Sales

Effective, June 1, 2005, the Town agreed to purchase water from the Western Virginia Water Authority at a bulk rate which is determined by a mutually agreed-upon formula. The water is designated for an industrial user who pays the Town an agreed upon rate. This is a 30-year agreement and will expire in 2035.

Note 10. Property Taxes

The major sources of property taxes are real estate and personal property taxes. The assessments are the responsibility of the County of Roanoke, while billing and collection functions are the Town’s responsibilities.

Property taxes are levied annually in April on assessed values as of January 1. Personal property transactions during the year are taxed on a prorated basis. Real estate tax is payable in two equal installments on or before June 5 and December 5, and personal property tax is due on or before May 31, or within 30 days subsequent to assessment. Personal property taxes do not create a lien on property.

The annual assessment for real estate is based on 100% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the *Internal Revenue Code* Section 6621(b). The effective tax rates per \$100 of assessed value for the year ended June 30 were as follows:

Real estate	\$.03
Personal property	\$	1.00
Machinery and tools	\$	1.00

Note 11. Leases

The Town leases a portion of a building to the Virginia State Department of Health for \$1,602 per month on a month to month basis until terminated by either party.

Note 12. Risk Management

The Town is insured for workers’ compensation, general liability, health, and other risks. The risk management programs are as follows:

Workers’ Compensation

Workers’ compensation insurance is provided through the Virginia Municipal League. During 2012-2013, total premiums paid were approximately \$73,000. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 12. Risk Management (Continued)

General Liability

The Town provides general liability and other insurance through policies with Virginia Municipal Self-Insurance Association. During 2012-2013, total premiums paid were approximately \$141,000. General liability and business automobile have a \$1,000,000 limit per occurrence. Boiler and machinery coverage and property insurance are covered per statement of values. The Town maintains an additional \$4,000,000 umbrella policy over all forms of liability insurance. Police professional liability and public officials' liability insurance with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia.

There were no significant reductions in insurance coverage's from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

Healthcare

The Town provides healthcare coverage for employees through a policy with Anthem Blue Cross Blue Shield. The Town contributes the required premium amount for single coverage for each employee. Dependents of employees are also covered by the policy provided they pay the additional premium to the Town. During 2012-2013, total premiums paid were approximately \$512,000.

Note 13. Commitments and Contingencies

Special Purpose Grants

Special purpose grants are subject to audit to determine compliance with their requirements. Town management believes that required refunds, if any, will be immaterial.

Landfill Closure and Post-Closure Costs

As discussed in Note 1, the Town participates in the Roanoke Valley Resource Authority. The Authority currently has responsibility for closure and post-closure care related to the new Smith Gap landfill, the transfer station, and an old landfill site.

Closure and post-closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, *Solid Waste Disposal Facility Criteria*, and are subject to periodic revisions by the EPA. The current estimate of remaining closure and post-closure care costs, assuming full utilization of the sites, is approximately \$13.9 million. The participating localities have contributed their pro-rata shares to fund the closure and post-closure care costs.

Gain Sharing Agreement – Vinton Business Center

On March 2, 1999, the Town and Roanoke County reached an agreement to provide for the sharing of certain local tax revenues and sharing of the costs of certain public services. That agreement states that the Town and County may negotiate an agreement to fund jointly the costs of development of the Vinton Business Center and to share equally in the local tax revenues generated by this project. During 2007, the County paid the Town one-half of the costs of development.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 13. Commitments and Contingencies (Continued)

Gain Sharing Agreement – Vinton Business Center (Continued)

As part of the agreement, the Town agreed to convey a one-half undivided interest in the remaining real estate of the project. The agreement states that the Town and County plan on making additional improvements to this project and will share in the costs of that and annual maintenance equally. The Town and County must jointly agree before any future improvements are made to the property or before portions of the property are sold. No major improvements were commenced during the current year.

Roanoke County/Vinton Branch Library

On September 6, 2011, the Town and Roanoke County reached an agreement to purchase property for a Roanoke County/Vinton Branch Library to be built by Roanoke County. The property cost \$1.25 million, and the Town is responsible for half of that amount, or \$625,000. Roanoke County is responsible for the remainder of the costs. The Town made an additional \$100,000 good faith advance payment in fiscal year 2012 with the remaining costs for the project to be spread out over the next 10 years. The Town will pay \$50,000 each year for year's one through five, and \$55,000 per year in years six through ten. Roanoke County will own the property and add it to its capital assets. The \$50,000 current year contribution is included in principal retirement expenditures on the fund statement.

Environmental Remediation

The Environmental Protection Agency (EPA) reviewed the 2009 and 2010 annual reports submitted by the Town to assess compliance with Virginia's General Permit for Discharges of Stormwater from Small Municipal Separate Storm Sewer Systems ("General Permit"). The EPA found that the Town failed to adequately implement the minimum control measures required by the General Permit and/or failed to adequately document compliance in the Annual Reports as required by the terms of the General Permit. The Town has submitted its response to the notice of violation to the EPA and is currently waiting on a final response and resolution to the matter. As of the date of this report, the Town was not aware of any fines, penalties, or estimated liabilities resulting from the EPA's notice of violation.

Note 14. Major Customer/Taxpayer

During fiscal year 2013, approximately 8% of the Town's business-type revenues were generated by one industrial customer.

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 15. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the general fund. The constraints placed on the general fund balance are presented below:

	General Fund
Nonspendable:	
Inventories	\$ 3,584
Prepays	15,517
Total nonspendable	19,101
Restricted for:	
Public safety	41,676
Public works	183,232
Greenway project	50,000
Total restricted	274,908
Unassigned	2,837,802
Total fund balance	\$ 3,131,811

Note 16. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes standards for reclassification of certain item as deferred outflows and inflows of resources that were previously reported as assets and liabilities. The standard limits the items that should be reported as deferred outflows and inflows of resources to items specifically identified in authoritative pronouncements. Additionally, the standard requires that debt issuance costs be recognized as an expense in the period incurred except any portion related to prepaid insurance costs. Prospective application is required. The Statement will be effective for the year ending June 30, 2014.

GASB Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*, was issued to resolve conflicting guidance that resulted from the issuance of two pronouncements. The Statement amends GASB Statement No. 10 by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. The fund classification should be determined based on the nature of the activity to be reported. The Statement also amends GASB Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a normal servicing fee rate. The Statement will be effective for the year ending June 30, 2014.

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 16. New Accounting Standards (Continued)

GASB Statement No. 67, *Financial Reporting for Pension Plans* replaces the requirements of *GASB Statements No. 25 and No. 50* as they relate to pension plans that are administered through trusts or similar arrangements meeting certain criteria. The Statement enhances note disclosures and RSI for both defined benefit and defined contribution pension plans. The Statement also requires the presentation of new information about annual money-weighted rates of return in the notes to the financial Statements and in 10-year RSI schedules. This Statement will be effective for the year ending June 30, 2014.

GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans* replaces the requirements of *GASB Statements No. 27 and No. 50* as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. The Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information, including disclosing descriptive information about the types of benefits provided, how contributions to the pension plan are determined, and assumptions and methods used to calculate the pension liability. This Statement will be effective for the year ending June 30, 2015.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* was issued to provide governmental guidance on governmental combinations and disposals of governmental operations that does not conflict with *GASB Statement No. 34*. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. A disposal of a government's operations results in the removal of specific activities of a government. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial Statement users to evaluate the nature and financial effects of those transactions. This Statement will be effective for the year ending June 30, 2015.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* was issued to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. This Statement also provides guidance on the accounting for the government if they are the obligor in the transaction and on intra-entity nonexchange financial guarantees involving blended component units. This Statement specifies the information required to be disclosed by governments that extend or receive nonexchange financial guarantees. This Statement will be effective for the year ending June 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF VINTON, VIRGINIA

ANALYSIS OF FUNDING PROGRESS FOR DEFINED BENEFIT PENSION PLAN

June 30, 2013

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAAL as of Percentage of Covered Payroll
June 30, 2012	\$ 12,232,068	\$ 15,312,040	\$ 3,079,972	79.89%	\$ 2,978,778	103.40%
June 30, 2011	\$ 12,632,410	\$ 14,800,513	\$ 2,168,103	85.35%	\$ 3,310,821	65.49%
June 30, 2010	\$ 12,305,195	\$ 14,175,236	\$ 1,870,041	86.81%	\$ 3,513,612	53.22%
June 30, 2009	\$ 12,201,884	\$ 13,108,688	\$ 906,804	93.08%	\$ 3,601,670	25.18%
June 30, 2008	\$ 12,035,517	\$ 12,518,772	\$ 483,255	96.14%	\$ 3,225,456	14.98%
June 30, 2007	\$ 10,981,805	\$ 11,558,591	\$ 576,786	95.01%	\$ 3,156,124	18.28%
June 30, 2006	\$ 9,702,178	\$ 9,524,237	\$ (177,941)	101.87%	\$ 2,787,681	(6.38)%
June 30, 2005	\$ 9,259,266	\$ 9,590,278	\$ 331,012	96.55%	\$ 2,519,480	13.14%

TOWN OF VINTON, VIRGINIA

ANALYSIS OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

June 30, 2013

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded Actuarial Accrued Liability (UAAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	((b-a)/c) UAAL as of Percentage of Covered Payroll
January 1, 2012	\$ -	\$ 279,700	\$ 279,700	0.00%	\$ 3,109,500	9.00%
January 1, 2009	\$ -	\$ 479,500	\$ 479,500	0.00%	\$ 3,715,300	12.91%

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STATISTICAL SECTION

This part of the Town of Vinton Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

<u>Contents</u>	<u>Table</u>
Financial Trends	1-4
These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	5-8
These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes, as well as customer rates for its water and sewer operations.	
Debt Capacity	9-11
These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	12-13
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	14-16
These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The Town implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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TABLE 1

TOWN OF VINTON, VIRGINIA

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Governmental activities										
Net investment in capital assets	\$ 5,704,050	\$ 5,919,643	\$ 6,316,937	\$ 6,760,474	\$ 7,365,632	\$ 7,763,470	\$ 7,500,994	\$ 7,237,168	\$ 6,683,653	\$ 5,775,255
Restricted	91,676	-	20,053	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Unrestricted	2,219,240	1,972,859	1,491,375	1,362,770	1,650,476	2,451,898	3,431,442	3,238,092	3,355,212	3,471,498
Total governmental activities net position	<u>\$ 8,014,966</u>	<u>\$ 7,892,502</u>	<u>\$ 7,828,365</u>	<u>\$ 8,143,244</u>	<u>\$ 9,036,108</u>	<u>\$ 10,235,368</u>	<u>\$ 10,952,436</u>	<u>\$ 10,495,260</u>	<u>\$ 10,058,865</u>	<u>\$ 9,266,753</u>
Business-type activities										
Net investment in capital assets	\$ 4,853,969	\$ 4,838,640	\$ 5,019,517	\$ 5,437,639	\$ 5,342,230	\$ 5,497,604	\$ 5,555,583	\$ 6,072,220	\$ 6,042,240	\$ 6,176,039
Unrestricted	394,976	339,523	661,273	297,150	968,176	1,255,035	1,837,429	1,882,467	2,027,777	2,109,040
Total business-type activities net position	<u>\$ 5,248,945</u>	<u>\$ 5,178,163</u>	<u>\$ 5,680,790</u>	<u>\$ 5,734,789</u>	<u>\$ 6,310,406</u>	<u>\$ 6,752,639</u>	<u>\$ 7,393,012</u>	<u>\$ 7,954,687</u>	<u>\$ 8,070,017</u>	<u>\$ 8,285,079</u>
Primary government										
Net investment in capital assets	\$ 10,558,019	\$ 10,758,283	\$ 11,336,454	\$ 12,198,113	\$ 12,707,862	\$ 13,261,074	\$ 13,056,577	\$ 13,309,388	\$ 12,725,893	\$ 11,951,294
Restricted	91,676	-	20,053	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Unrestricted	2,614,216	2,312,382	2,152,648	1,659,920	2,618,652	3,706,933	5,268,871	5,120,559	5,382,989	5,580,538
Total primary government net position	<u>\$ 13,263,911</u>	<u>\$ 13,070,665</u>	<u>\$ 13,509,155</u>	<u>\$ 13,878,033</u>	<u>\$ 15,346,514</u>	<u>\$ 16,988,007</u>	<u>\$ 18,345,448</u>	<u>\$ 18,449,947</u>	<u>\$ 18,128,882</u>	<u>\$ 17,551,832</u>

TABLE 2

TOWN OF VINTON, VIRGINIA

CHANGE IN NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses										
Governmental activities										
General government	\$ 942,315	\$ 948,803	\$ 934,388	\$ 1,023,227	\$ 1,037,073	\$ 906,072	\$ 1,842,084	\$ 758,537	\$ 758,738	\$ 687,073
Public safety	3,238,361	3,214,622	3,397,562	3,446,746	3,593,946	3,407,536	3,454,713	2,973,885	2,678,245	2,693,087
Public works	2,074,464	2,062,430	2,243,111	2,457,832	2,455,754	2,905,249	2,058,379	1,583,537	1,505,832	1,201,386
Parks, recreation, and cultural	588,649	553,866	583,569	617,778	610,756	575,895	300,854	456,343	544,242	535,102
Community development	398,517	1,034,510	339,983	393,160	339,304	227,303	218,941	206,510	196,075	223,272
Interest on long-term debt	143,455	183,672	194,159	203,787	211,189	220,551	188,966	140,534	148,719	5,295
Total governmental activities	<u>7,385,761</u>	<u>7,997,903</u>	<u>7,692,772</u>	<u>8,142,530</u>	<u>8,248,022</u>	<u>8,242,606</u>	<u>8,063,937</u>	<u>6,119,346</u>	<u>5,831,851</u>	<u>5,345,215</u>
Business-type activities										
Water and sewer	2,946,127	3,044,342	3,002,964	3,238,927	3,189,315	3,148,236	3,035,847	2,380,728	2,174,939	2,197,396
Total business-type activities expense	<u>2,946,127</u>	<u>3,044,342</u>	<u>3,002,964</u>	<u>3,238,927</u>	<u>3,189,315</u>	<u>3,148,236</u>	<u>3,035,847</u>	<u>2,380,728</u>	<u>2,174,939</u>	<u>2,197,396</u>
Total primary government expenses	<u>\$ 10,331,888</u>	<u>\$ 11,042,245</u>	<u>\$ 10,695,736</u>	<u>\$ 11,381,457</u>	<u>\$ 11,437,337</u>	<u>\$ 11,390,842</u>	<u>\$ 11,099,784</u>	<u>\$ 8,500,074</u>	<u>\$ 8,006,790</u>	<u>\$ 7,542,611</u>
Program Revenues										
Governmental activities										
Charges for services										
Public safety	\$ 89,115	\$ 91,196	\$ 119,870	\$ 108,187	\$ 172,357	\$ 128,216	\$ 231,207	\$ 203,532	\$ 193,264	\$ 132,263
Public works	110,115	110,460	110,380	110,175	132,382	114,274	110,220	114,267	113,917	113,966
Other activities	495,133	440,883	466,306	489,901	436,835	450,338	370,838	502,979	544,415	586,866
Operating grants and contributions	1,287,108	1,281,998	1,318,394	1,366,971	1,454,813	1,691,163	1,282,244	1,102,340	1,121,561	1,122,314
Capital grants and contributions	53,749	66,545	75,188	8,034	2,146	91,590	1,337,016	123,240	737,716	-
Total governmental activities program revenues	<u>2,035,220</u>	<u>1,991,082</u>	<u>2,090,138</u>	<u>2,083,268</u>	<u>2,198,533</u>	<u>2,475,581</u>	<u>3,331,525</u>	<u>2,046,358</u>	<u>2,710,873</u>	<u>1,955,409</u>
Business-type activities										
Charges for services										
Water and sewer	2,754,147	2,753,851	2,672,156	2,439,634	2,289,754	2,255,505	2,274,224	2,143,032	1,873,821	1,807,775
Capital grants and contributions	-	-	-	-	303,556	-	48,540	-	-	-
Total business-type activities program revenues	<u>2,754,147</u>	<u>2,753,851</u>	<u>2,672,156</u>	<u>2,439,634</u>	<u>2,593,310</u>	<u>2,255,505</u>	<u>2,322,764</u>	<u>2,143,032</u>	<u>1,873,821</u>	<u>1,807,775</u>
Total primary government program revenues	<u>\$ 4,789,367</u>	<u>\$ 4,744,933</u>	<u>\$ 4,762,294</u>	<u>\$ 4,522,902</u>	<u>\$ 4,791,843</u>	<u>\$ 4,731,086</u>	<u>\$ 5,654,289</u>	<u>\$ 4,189,390</u>	<u>\$ 4,584,694</u>	<u>\$ 3,763,184</u>
Net (expense) revenue										
Governmental activities	\$ (5,350,541)	\$ (6,006,821)	\$ (5,602,634)	\$ (6,059,262)	\$ (6,049,489)	\$ (5,767,025)	\$ (4,732,412)	\$ (4,072,988)	\$ (3,120,978)	\$ (3,389,806)
Business-type activities	(191,980)	(290,491)	(330,808)	(799,293)	(596,005)	(892,731)	(713,083)	(237,696)	(301,118)	(389,621)
Total primary government net expense	<u>\$ (5,542,521)</u>	<u>\$ (6,297,312)</u>	<u>\$ (5,933,442)</u>	<u>\$ (6,858,555)</u>	<u>\$ (6,645,494)</u>	<u>\$ (6,659,756)</u>	<u>\$ (5,445,495)</u>	<u>\$ (4,310,684)</u>	<u>\$ (3,422,096)</u>	<u>\$ (3,779,427)</u>

(Continued)

TOWN OF VINTON, VIRGINIA

CHANGE IN NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 453,135	\$ 510,558	\$ 429,409	\$ 419,401	\$ 434,176	\$ 467,806	\$ 411,866	\$ 397,200	\$ 397,424	\$ 400,896
Sales tax	1,284,455	1,247,566	1,171,590	1,113,322	1,132,519	1,132,083	1,148,136	1,065,843	1,177,089	1,156,165
Business license tax	491,996	460,638	454,636	456,536	437,797	452,672	413,400	403,818	192,344	183,824
Meals tax	912,226	909,814	864,448	842,384	861,286	860,961	806,916	715,267	584,998	539,348
Other taxes	692,669	698,412	734,316	755,808	386,703	338,292	397,014	423,145	410,121	380,078
Utilities tax	785,555	782,487	801,264	803,044	795,268	804,812	790,308	719,289	734,279	558,704
Intergovernmental revenue not restricted	807,117	773,617	748,815	664,975	631,320	679,009	755,599	437,496	334,649	308,307
Investment earnings not restricted	4,434	3,020	1,904	3,187	28,917	112,672	210,193	147,368	80,837	36,694
Restricted investment earnings	-	-	-	-	187	11,087	145,554	113,317	37,903	-
Gain on disposal of property	-	-	-	-	-	-	-	51,366	-	48,103
Other	41,418	184,846	81,373	29,275	16,038	77,077	48,702	27,774	45,384	29,969
Transfers	-	500,000	-	78,466	126,018	113,486	61,900	7,500	-	-
Total governmental activities	5,473,005	6,070,958	5,287,755	5,166,398	4,850,229	5,049,957	5,189,588	4,509,383	3,995,028	3,642,088
Business-type activities:										
Investment earnings not restricted	66	414	1,174	1,824	16,719	67,772	110,024	76,855	42,669	21,425
Restricted investment earnings	762	91	427	1,727	26,873	47,234	-	-	-	-
Other	261,934	287,359	275,208	298,591	236,198	250,838	103,284	53,011	52,300	49,040
Transfers	-	(500,000)	-	(78,466)	(126,018)	(113,486)	(61,900)	(7,500)	-	-
Total business-type activities	262,762	(212,136)	276,809	223,676	153,772	252,358	151,408	122,366	94,969	70,465
Total primary government	\$ 5,735,767	\$ 5,858,822	\$ 5,564,564	\$ 5,390,074	\$ 5,004,001	\$ 5,302,315	\$ 5,340,996	\$ 4,631,749	\$ 4,089,997	\$ 3,712,553
Changes in Net Position										
Governmental activities	\$ 122,464	\$ 64,137	\$ (314,879)	\$ (892,864)	\$ (1,199,260)	\$ (717,068)	\$ 457,176	\$ 436,395	\$ 874,050	\$ 252,282
Business-type activities	70,782	(502,627)	(53,999)	(575,617)	(442,233)	(640,373)	(561,675)	(115,330)	(206,149)	(319,153)
Total primary government	\$ 193,246	\$ (438,490)	\$ (368,878)	\$ (1,468,481)	\$ (1,641,493)	\$ (1,357,441)	\$ (104,499)	\$ 321,065	\$ 667,901	\$ (66,874)

Note: Water and sewer charges for service is the Town's most significant source of own-source revenue.

TABLE 3

TOWN OF VINTON, VIRGINIA

FUND BALANCES - GOVERNMENTAL FUND

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Pre-GASB 54 implementation:							
General Fund							
Reserved	\$ 361,090	\$ 272,645	\$ 314,902	\$ 2,835,003	\$ 4,625,979	\$ 3,999,505	\$ 513,023
Unreserved	1,322,095	1,698,851	2,439,625	1,747,348	2,927,980	3,011,346	3,101,323
Total general fund	<u>\$ 1,683,185</u>	<u>\$ 1,971,496</u>	<u>\$ 2,754,527</u>	<u>\$ 4,582,351</u>	<u>\$ 7,553,959</u>	<u>\$ 7,010,851</u>	<u>\$ 3,614,346</u>
	<u>2013</u>	<u>2012</u>	<u>2011</u>				
Post-GASB 54 implementation:							
General Fund							
Nonspendable	\$ 19,101	\$ 62,746	\$ 66,341				
Restricted	274,908	17,068	372,271				
Assigned	-	-	100,000				
Unassigned	2,837,802	2,584,947	1,196,789				
Total general fund	<u>\$ 3,131,811</u>	<u>\$ 2,664,761</u>	<u>\$ 1,735,401</u>				

Note: 2011 was the first year of implementing GASB 54 which revised fund balance classifications.

TABLE 4

TOWN OF VINTON, VIRGINIA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUND

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues										
Taxes	\$ 4,597,882	\$ 4,529,953	\$ 4,467,158	\$ 4,345,947	\$ 4,049,513	\$ 4,084,586	\$ 3,914,205	\$ 3,726,456	\$ 3,488,354	\$ 3,199,342
Permits, privilege fees, and regulatory licenses	10,861	9,273	10,242	12,116	11,321	14,035	10,852	10,029	9,006	9,160
Fines and forfeitures	73,107	75,989	102,566	94,548	116,463	102,720	103,816	93,022	76,294	92,799
Revenue from use of money and property	105,998	105,666	118,560	156,533	201,341	298,369	527,343	436,303	301,240	228,260
Charges for services	387,049	333,832	355,606	328,116	319,293	270,521	190,513	323,882	358,378	518,493
Other	72,337	18,522	16,860	3,562	4,638	4,718	10,740	5,175	954	6,302
Intergovernmental	2,239,992	2,303,286	2,303,732	2,170,790	2,230,602	2,590,575	3,491,179	1,903,599	2,463,622	1,602,944
Total revenues	7,487,226	7,376,521	7,374,724	7,111,612	6,933,171	7,365,524	8,248,648	6,498,466	6,697,848	5,657,300
Expenditures										
General government	632,136	618,951	628,386	641,853	652,359	695,916	660,932	629,650	625,170	546,248
Public safety	3,005,917	2,948,155	3,250,590	3,200,859	3,259,980	3,379,924	3,209,720	2,813,661	2,514,263	2,520,584
Public works	1,892,656	1,834,120	1,990,381	2,164,328	2,219,226	2,357,040	1,779,490	1,479,899	1,438,886	1,440,888
Parks, recreation, and cultural	547,604	518,579	551,240	574,215	571,291	511,481	294,221	445,612	535,139	527,157
Community development	386,592	544,245	333,617	365,366	316,267	221,764	217,263	206,379	222,780	223,204
Capital projects	542,235	160,752	114,309	90,570	384,982	1,962,873	5,899,542	907,147	1,339,795	1,057,436
Debt service:										
Principal retirement	335,766	267,595	260,501	253,500	241,585	208,404	154,021	148,208	46,616	59,126
Interest and fiscal charges	174,699	185,715	195,608	205,189	212,090	208,912	202,495	157,905	99,758	5,295
Bond issuance costs	36,638	-	-	-	-	1,856	-	-	-	-
Total expenditures	7,554,243	7,078,112	7,324,632	7,495,880	7,857,780	9,548,170	12,417,684	6,788,461	6,822,407	6,379,938
Excess (deficiency) of revenues over expenditures	(67,017)	298,409	50,092	(384,268)	(924,609)	(2,182,646)	(4,169,036)	(289,995)	(124,559)	(722,638)
Other Financing Sources (Uses)										
Proceeds from long-term debt	2,411,641	-	-	-	-	-	1,045,000	755,000	3,515,000	-
Premium on issuance of debt	-	-	-	-	-	-	45,554	19,237	6,064	-
Payments to refunded bond escrow agent	(2,190,889)	-	-	-	-	-	-	-	-	-
Proceeds from capital lease	313,315	-	-	-	-	227,500	-	-	-	-
Proceeds from sale of capital assets	-	130,951	2,124	17,491	15,560	13,836	4,825	51,366	-	253,081
Transfers in	-	500,000	-	78,466	126,018	113,486	61,900	7,500	-	-
Total other financing sources	534,067	630,951	2,124	95,957	141,578	354,822	1,157,279	833,103	3,521,064	253,081
Net change in fund balances	\$ 467,050	\$ 929,360	\$ 52,216	\$ (288,311)	\$ (783,031)	\$ (1,827,824)	\$ (3,011,757)	\$ 543,108	\$ 3,396,505	\$ (469,557)
Debt service as a percentage of noncapital expenditures	7.73%	6.49%	6.33%	6.19%	6.07%	5.53%	5.47%	5.20%	2.67%	1.21%

TABLE 5

TOWN OF VINTON, VIRGINIA

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service Corporation	Mobile Homes	Total Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Assessed Value
2013	\$ 456,795,100	\$43,698,440	\$ 7,310,490	\$10,243,530	\$ 47,520	\$518,095,080	\$ 0.06	\$ 518,095,080	100%
2012	465,957,200	43,682,200	7,232,260	15,347,180	46,800	532,265,640	0.06	532,265,640	100
2011	469,499,100	43,392,270	7,232,700	15,191,110	47,740	535,362,920	0.06	535,362,920	100
2010	468,470,600	42,803,545	7,303,000	15,632,460	48,190	534,257,795	0.06	534,257,795	100
2009	463,014,500	47,556,110	7,191,835	14,933,569	51,675	532,747,689	0.06	532,747,689	100
2008	447,926,300	42,858,012	7,068,115	13,074,644	56,500	510,983,571	0.06	510,983,571	100
2007	429,817,400	40,691,155	7,665,980	14,387,422	60,775	492,622,732	0.06	492,622,732	100
2006	400,424,300	40,889,135	7,231,595	14,041,122	66,340	462,652,492	0.06	462,652,492	100
2005	377,493,200	39,382,275	7,273,105	14,186,848	78,425	438,413,853	0.06	438,413,853	100
2004	357,892,100	36,322,110	7,179,930	16,543,307	75,595	418,013,042	0.06	418,013,042	100

Note: Assessed value equals actual value. Property is assessed at full market value and is reassessed every year.

TABLE 6

TOWN OF VINTON, VIRGINIA
PRINCIPAL WATER AND SEWER CUSTOMERS
Current Year and Nine Years Ago

Customer	Fiscal Year 2013			Fiscal Year 2004		
	Revenue	Rank	Percentage of Total Town Revenue	Revenue	Rank	Percentage of Total Town Revenue
Precision Fabrics Group, Inc.	\$ 185,976	1	6.57%	61,010	2	4.05%
Aramark	97,511	2	3.44%	62,426	1	4.14%
Cardinal Glass	84,288	3	2.98%	N/A	N/A	N/A
The Berkshire	52,395	4	1.85%	21,353	3	1.42%
Blue Ridge Manor Apartments	42,210	5	1.49%	9,992	6	0.66%
Clearview Manor	38,102	6	1.35%	18,181	4	1.21%
RGM Properties	28,211	7	1.00%	13,361	5	0.89%
Roanoke County Schools	20,866	8	0.74%	8,657	7	0.57%
Richard Dickerson/RL Mansard Sq	17,912	9	0.63%	N/A	N/A	N/A
American Efficiency	16,092	10	0.57%	6,547	8	0.43%
	<u>\$ 583,563</u>			<u>\$ 201,527</u>		

1) FY 2013 % was based on total water and sewer revenue of \$2,830,974

2) FY 2004 % was based on total water and sewer revenue of \$1,507,349

TABLE 7

TOWN OF VINTON, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 635,711	\$ 598,141	94.09%	\$ -	\$ 598,141	94.09%
2012	637,626	600,406	94.16%	13,528	613,934	96.28%
2011	634,445	591,743	93.27%	11,257	603,000	95.04%
2010	637,392	607,701	95.34%	13,950	621,651	97.53%
2009	609,402	589,069	96.66%	16,229	605,298	99.33%
2008	634,952	623,656	98.22%	5,946	629,602	99.16%
2007	605,599	591,286	97.64%	10,024	601,310	99.29%
2006	593,382	577,065	97.25%	5,765	582,830	98.22%
2005	580,586	568,645	97.94%	4,765	573,410	98.76%
2004	543,144	529,921	97.57%	9,531	539,452	99.32%

Source: Detailed Town property tax records.

TOWN OF VINTON, VIRGINIA

WATER AND SEWER RATES
Last Ten Fiscal Years

Fiscal Year	Residential ¹		Commercial ²	
	First 3,000 Gallons or Less		First 1,500 Gallons or Less	
	Water	Sewer	Water	Sewer
2013	\$ 15.92	\$ 23.39	\$ 7.97	\$ 11.68
2012	15.92	23.39	7.97	11.68
2011	15.92	23.39	7.97	11.68
2010	13.84	20.34	6.93	10.16
2009	12.59	18.49	6.30	9.24
2008	12.59	18.49	6.30	9.24
2007	11.77	15.84	5.89	7.92
2006	11.77	15.84	5.89	7.92
2005	11.00	13.20	5.50	6.60
2004	10.00	12.00	5.00	6.00

Note: Minimum charge for water and sewer residential and commercial service is based on standard 5/8" meter

¹ Residential Minimum Charges are billed on a bi-monthly basis

² Commercial Minimum Charges are billed on a monthly basis

TABLE 9

TOWN OF VINTON, VIRGINIA

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	\$ 51,809,508	\$ 53,226,564	\$ 53,536,292	\$ 53,425,780	\$ 53,274,769	\$ 44,792,630	\$ 42,981,740	\$ 40,042,300	\$ 37,757,163	\$ 35,796,770
Total net debt applicable to limit	10,118,536	7,125,222	7,103,808	7,548,025	7,978,160	8,394,491	8,753,625	7,140,228	5,643,925	1,772,906
Legal debt margin	<u>\$ 41,690,972</u>	<u>\$ 46,101,342</u>	<u>\$ 46,432,484</u>	<u>\$ 45,877,755</u>	<u>\$ 45,296,609</u>	<u>\$ 36,398,139</u>	<u>\$ 34,228,115</u>	<u>\$ 32,902,072</u>	<u>\$ 32,113,238</u>	<u>\$ 34,023,864</u>
Total net debt applicable to the limit as a percentage of debt limit	19.53%	13.39%	13.27%	14.13%	14.98%	18.74%	20.37%	17.83%	14.95%	4.95%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	<u>\$ 518,095,080</u>
Debt limit (10% of assessed value)	\$ 51,809,508
Less debt applicable to limit:	
General obligation bonds	<u>10,118,536</u>
Legal debt margin	<u>\$ 41,690,972</u>

TOWN OF VINTON, VIRGINIA

TABLE 10

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities – General Bonded Debt			Other Governmental Activities Debt		
	General Bonded Debt	Percentage of Actual Value of Taxable Property	Per Capita	Capital Leases	Revenue Bonds	Obligations Payable
2013	\$ 4,176,641	0.81%	\$ 516	\$ 257,549	\$ -	\$ 425,000
2012	2,700,000	0.51%	332	-	1,360,000	475,000
2011	2,845,000	0.53%	351	47,595	1,435,000	-
2010	2,990,000	0.56%	383	93,096	1,505,000	-
2009	3,130,000	0.59%	397	136,595	1,575,000	-
2008	3,265,000	0.64%	413	178,180	1,640,000	-
2007	3,360,000	0.68%	424	4,084	1,700,000	-
2006	2,410,000	0.52%	310	28,105	1,735,000	-
2005	2,500,000	0.57%	321	51,313	1,015,000	-
2004	-	0.00%	-	97,929	-	-

Fiscal Year	Business-type Activities				
	General Bonded Debt	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2013	\$ 5,941,895	\$ 2,340,000	\$ 13,141,085	274.40%	\$ 1,624
2012	3,950,222	2,450,000	10,935,222	234.06%	1,345
2011	4,258,808	2,555,000	11,141,403	244.23%	1,376
2010	4,558,026	2,655,000	11,801,122	258.69%	1,510
2009	4,848,160	2,750,000	12,439,755	272.69%	1,579
2008	5,129,491	2,750,000	12,962,671	272.85%	1,640
2007	5,393,625	-	10,457,709	242.99%	1,320
2006	4,730,228	-	8,903,333	215.67%	1,144
2005	3,143,925	-	6,710,238	169.62%	862
2004	1,772,906	-	1,870,835	48.66%	240

TABLE 11

TOWN OF VINTON, VIRGINIA
PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	\$ 3,016,909	\$ 2,946,127	\$ 70,782	\$ 428,247	\$ 215,281	0.11
2012	3,041,715	3,042,495	(780)	413,586	232,992	(0.00)
2011	2,948,965	3,002,964	(53,999)	399,218	225,689	(0.09)
2010	2,741,776	3,219,466	(477,690)	385,135	195,038	(0.82)
2009	2,569,544	3,164,227	(594,683)	281,331	213,792	(1.20)
2008	2,621,349	3,134,236	(512,887)	272,788	222,032	(1.04)
2007	2,536,072	3,035,847	(499,775)	150,660	172,534	(1.55)
2006	2,272,898	2,380,728	(107,830)	123,952	94,285	(0.49)
2005	1,968,790	2,174,939	(206,149)	69,590	42,347	(1.84)
2004	1,878,240	2,197,396	(319,156)	75,091	23,886	(3.22)

Notes: Details regarding the Town’s outstanding debt can be found in the Notes to Financial Statements.

TABLE 12

TOWN OF VINTON, VIRGINIA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)
2013	8,092	\$ 4,789,030	\$ 40,688	14,369	5.90%
2012	8,130	4,672,000	39,866	14,454	5.70%
2011	8,098	4,561,791	39,315	14,259	5.70%
2010	7,814	4,561,791	39,315	14,474	6.30%
2009	7,876	4,561,791	39,315	14,650	4.60%
2008	7,905	4,750,916	41,019	14,802	2.80%
2007	7,922	4,303,761	37,324	14,777	2.60%
2006	7,782	4,128,137	35,978	14,728	2.80%
2005	7,782	3,955,970	34,823	14,365	3.10%
2004	7,782	3,844,855	34,296	14,279	2.70%

Sources:

(1) From U.S. Census Bureau link at www.rvarc.org

(2) Personal Income and Per Capita Personal Income from the U.S. Department of Commerce Bureau of Economic Analysis. Latest information available is for 2013 at www.bea.gov/regional/docs/income.

(3) Virginia Department of Education - Membership Reporting www.doe.virginia.gov/statistics

(4) Virginia Employment Commission www.vawc.virginia.gov/analyzer

TABLE 13

TOWN OF VINTON, VIRGINIA

**PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago**

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Precision Fabrics Group, Inc.	196	1	2.96%	500	1	6.61%
Kroger	189	2	2.85%	133	5	1.76%
Berkshire	164	3	2.48%	173	2	2.29%
Roanoke County Schools (Vinton)	127	4	1.92%	171	3	2.26%
McDonalds	88	5	1.33%	N/A	N/A	N/A
Aramark Uniform Services	87	6	1.31%	140	4	1.85%
Town of vinton	83	7	1.25%	94	6	1.24%
Lancerlot	55	8	0.83%	N/A	N/A	N/A
Famous Anthony's	48	9	0.72%	N/A	N/A	N/A
Super Dollar	31	10	0.47%	N/A	N/A	N/A
	<u>1,068</u>		<u>16.12%</u>	<u>1,211</u>		<u>16.01%</u>

Source: Total TOV Employment – Roanoke Valley Regional Commission (Planning)

N/A - Not Available

TABLE 14

TOWN OF VINTON, VIRGINIA

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General government										
Management services	4	4	4	4	4	3	4	4	4	4
Finance	6	6	5	5	5	5	5	5	6	5
Planning	3	3	3	3	3	3	3	3	3	3
Police										
Officers	24	24	25	24	24	24	25	21	23	17
Civilians	2	2	2	10	10	10	7	11	11	12
Fire										
Firefighters and officers	9	9	9	9	9	9	9	9	9	10
Other public works	32	32	34	33	33	32	34	31	32	31
Parks, recreation, and cultural	3	3	3	3	3	2	2	5	13	12
Total	<u>83</u>	<u>83</u>	<u>85</u>	<u>91</u>	<u>91</u>	<u>88</u>	<u>89</u>	<u>89</u>	<u>101</u>	<u>94</u>

TOWN OF VINTON, VIRGINIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General government										
Fleet equipment	117	117	117	117	117	62	62	60	60	72
Pieces of equipment maintained	117	117	117	117	117	62	62	60	60	60
Public safety										
Police										
Arrests	582	667	546	531	658	598	504	600	744	517
Parking violations	48	56	82	139	84	62	16	135	156	78
Traffic violations	1,408	1,734	1,933	2,431	3,088	3,034	3,087	2,743	2,725	1,319
EMS										
Emergency responses	2,654	2,872	2,319	2,219	2,369	2,397	2,459	1,536	2,095	2,007
Fire										
Emergency responses	306	677	514	476	764	1,038	673	1,900	2,831	2,650
Public works										
Refuse collection										
Refuse collected (tons per day)	12.92	12.75	12.70	14.00	15.90	18.10	19.00	17.30	17.30	16.80
Recyclables collected (tons per day)	0.68	2.00	2.00	1.60	1.60	1.70	1.30	1.80	1.50	N/A
Other public works										
Street resurfacing (miles)	2.17	1.80	1.80	1.90	3.50	11.10	-	-	2.20	N/A
Parks, recreation, and cultural										
Parks and recreation - attendees										
Vinton Dogwood Festival (4-day)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Vinton Bluegrass Festival (4-day)	Closed	Closed	Closed	Closed	20,000	20,000	20,000	20,000	20,000	20,000
4th of July	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Enchanted Eve (Co-Sponsor Roanoke County)	Closed	Closed	Closed	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Vinton Fall Festival (Co-Sponsor Chamber of Commerce)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Water										
Number of customer accounts	5,071	5,051	5,044	5,040	5,022	4,985	4,984	4,916	4,793	4,763
Miles of distribution lines	61	61	61	61	61	60	60	56	56	56
Volume pumped (million gallons per day average)	1.21	1.23	1.26	1.47	1.04	1.29	1.26	1.30	1.30	1.20
Sewer										
Number of customer accounts	4,636	4,607	4,610	4,609	4,600	4,571	4,573	4,511	4,460	4,430
Miles of collection lines	60	60	60	60	60	59	57	54	54	53
Waste/Water treated (million gallons per day)	0.96	0.99	1.09	1.27	1.04	1.24	1.20	1.20	1.49	1.50

N/A - Not available.

Refuse collected (tons per day) - based on 260 collection days per year.

Recyclables collected (tons per day) - based on 130 collection days per year.

TABLE 16

TOWN OF VINTON, VIRGINIA

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Function/Program										
Public safety										
Law enforcement vehicles	25	26	27	27	29	27	19	20	18	16
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works										
Primary streets (lane miles)	21.62	21.62	21.62	21.62	21.62	21.62	18.28	18.78	18.78	16.50
Secondary streets (lane miles)	66.32	66.32	66.32	66.32	66.32	66.32	68.78	65.96	65.96	64.40
Streetlights	500	500	500	500	500	500	500	500	500	500
Parks, recreation, and cultural										
Community centers										
Vinton Senior Program (No. of Events/Attendance)	253/3775	231/4033	174/3396	1/18	240/4236	180/3600	180/3600	180/3600	180/3600	180/3600
Charles R. Hill Center (Rentals)	437	299	218	295	351	205	257	227	227	227
Skate Park	Closed	Closed	Closed	Closed	Closed	2,400	2,400	2,400	2,400	2,400
Vinton War Memorial	301	200	202	271	277	151	-	-	449	616
Parks/athletic fields										
Gearhart Park (TOV owned-Leased to Rke County)	N/A	N/A	N/A	N/A	37/3000	N/A	N/A	N/A	N/A	N/A
Jaycee Field (Seasonal ballgames)	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	56	56
Greenway (3/4 Mile) Cinder Surface	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Lawfit Course (5 Fitness Stations)	N/A	N/A	1,120	1,120	1,120	1,120	-	1,120	-	-
War Memorial Playground	6,000	6,000	6,000	6,000	6,000	6,000	5,000	6,000	6,000	4,000
Vinton Municipal Pool	10,562	10,176	12,246	11,270	11,000	11,000	7,100	7,147	6,763	7,531
Water and sewer										
Water mains (miles)	61	61	61	61	61	60	60	56	56	56
Sanitary sewers (miles)	60	60	60	60	60	59	59	54	54	53
Stormwater										
Storm sewers (miles)	12	12	12	12	12	12	12	11	11	11
Signalized Street Intersections										
Traffic Signals (each)	11	11	11	11	11	11	11	11	11	11

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COMPLIANCE SECTION



INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Members of the Town Council
Town of Vinton, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *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 business-type activities, and each major fund of the Town of Vinton (the “Town”), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated November 1, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’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 Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of Town’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.**

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. **We consider the deficiencies described in the accompanying schedule of findings and responses as items 07-1 and 13-1 to be material weaknesses.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 13-2.**

Town of Vinton's Response to Findings

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 1, 2013

TOWN OF VINTON, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2013

As more fully described in the Independent Auditor's 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*, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

- Budget and Appropriation Laws
- Cash and Investment Laws
- Conflicts of Interest Act
- Debt Provisions
- Local Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act

State Agency Requirements:

- Highway Maintenance Funds

LOCAL COMPLIANCE MATTERS

Town Charter

TOWN OF VINTON, VIRGINIA

**SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013**

A. FINDINGS – FINANCIAL STATEMENT AUDIT

07-1: Segregation of Duties (Material Weakness)

Condition:

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. A proper segregation of duties has not been established in functions related to payroll, accounts payable, accounts receivable, cash disbursements, and information technology.

Recommendation:

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

Management's Response:

Management noted this finding. The Finance Director has segregated duties, to the extent practical, to minimize instances where the same person has complete control of a transaction or conflicting duties.

13-1: Audit Adjustments (Material Weakness)

Condition:

A significant number of audit adjustments were necessary for the financial statements to be in compliance with generally accepted accounting principles. The adjustments related to improper accrual or recording of issuance and refunding of long-term debt, capital leases, accrued interest and payroll, other post employment benefits, bond issuance costs, deferred amount on refunding, construction in process, and deferred revenue and allowances for vehicle licenses fees and personal property and real estate taxes.

Recommendation:

Accounting procedures should be formulated to ensure all asset and liability accounts are recorded in the general ledger or clearly compiled in subsidiary ledgers for entity wide balances that are not recorded on the fund level general ledger. All balances should be periodically reconciled between the subsidiary ledgers and the general ledger, especially at year end, to ensure accurate financial reporting. All activities should be evaluated beyond transactional processing and also focus on the financial reporting implications of those activities.

Management's Response:

Management agrees with the above finding.

TOWN OF VINTON, VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2013

B. FINDINGS – COMMONWEALTH OF VIRGINIA

13-2: Budget Appropriations

Condition:

After audit adjustments, expenditures exceeded budgeted appropriations in the debt service and capital projects categories.

Recommendation:

Steps should be taken to ensure that excess expenditures over budgeted appropriations are approved by Town Council and the budget amended accordingly.

Management's Response:

Town Council met in June 2013 and additional budget appropriations were approved for known expenditures at that time. Auditors found additional expenditures during fieldwork.