Comprehensive Annual Financial Report

For Fiscal Year Ending June 30, 2015

TOWN OF VINTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2015

Prepared by the Town of Vinton

Finance Department/Treasurer's Office

TOWN OF VINTON, VIRGINIA

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INTRODUCTORY SECTION

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TOWN OF VINTON

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VINTON, VIRGINIA 24179

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Barry W. Thompson
Finance Director/Treasurer

November 9, 2015

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, 2015 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 2014 Water Quality Report, the Town had no water quality violations. The Virginia Department of Environmental Quality reported statewide recycling rates for calendar year 2014 and the Town of Vinton's recycling rate was 60.7%.

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 working closely with Roanoke County on development opportunities and promoting a shared industrial park. The Town also partners with community groups to hold two major festivals and several smaller community events throughout the year. In 2014, the Town partnered with the Vinton Area Chamber of Commerce for economic development and business retention, recruitment and promotion.

The Town also participates in the Greenway Commission, the purpose of which is to identify possible greenway locations in the Roanoke Valley area. Through this the Town is building a greenway that will connect the downtown business district with Roanoke City's greenway system. This will allow for an individual to travel from Vinton to Salem on the greenway system. The Town of Vinton is participating in a joint project between the city of Roanoke to interconnect two existing regional greenways, the Roanoke River Greenway and Tinker Creek Greenway and the proposed Glade Creek Greenway, with a pedestrian bridge. The completion of the bridge project over Tinker Creek will be Vinton's connection to the regional system. Vinton is also partnering with the Roanoke-Alleghany Regional Commission to promote a Blueways Trail on the Roanoke River. Vinton opened a canoe launch on the Tinker Creek this past June which is a component of the proposed Roanoke River Blueway and the Roanoke Valley Greenways network.

From years 2002 to 2014, Vinton maintained stable property tax rates, while continuing to provide high quality municipal services and responsive government. In 2015, Town Council adopted a $.04 per $100 of assessed value tax increase on real estate for a new tax rate of $.07 per $100 of assessed value effective January 1, 2015 for the tax year which was used to support the increase of 24/7 Fire and EMS Services. The Town Council had previously 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.

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 in 2013 and continues to work on the different components of the grant. This CDBG award was the product of the Business District Revitalization Planning Grant awarded to the Town. The CDBG grant will enable the Town to provide Façade improvements to 12 downtown businesses, upgrade the farmer's market infrastructure, do streetscape improvements, improve street lighting, administer 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's streetscape revitalization work was completed in the fall of 2015 in conjunction with the Town's Fall Festival and the new Roanoke County Library Project which is being built in the downtown area. The Farmer's Market Project will begin in winter of 2016 with completion in the spring. One Revolving Loan has been issued from the CDBG Grant in the amount of $28,759.04 with a term of five years. The town will plan to ask for an extension for the project until June 30, 2016.

Another economic benefit for the Town is the result of the marketing and branding efforts of the War Memorial Conference Center. The Town continues 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 fully ADA compliant and all floors are served by an elevator.

The Town continues to commit to the improvement of the highways, streets, and roads by including approximately $345,438 for paving and milling of streets throughout the Town.

Major Initiatives

The Town of Vinton continues to work on the $700,000 CDBG Program for its Downtown District. The improvements include streetlights with underground wiring, façade improvements to twelve (12) buildings, improvements to the Farmers' Market area and stage and downtown intersection improvements. The Town has initiated a new Branding Program for the Town called "InVinton". This program was quickly accepted by the citizens and the Vinton Area Chamber of Commerce.

The Vinton Business Center has been 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.

The Roanoke County Commonwealth Attorney's Office continues to represent the Town's interests in the prosecution of criminal charges. Attorney Theresa Fontana became the Town's Attorney on January 1, 2015 to serve as counsel for the Town's other legal matters. Attorney Fontana replaced Attorney Elizabeth Dillon who was appointed a U. S. District Judge for the Western District of Virginia on March 20, 2015.

In June 2013, the Town issued bonds amounting to $1,968,875. The only outstanding project is the $939,785 Upgrade project at the Western Virginia Water Authority Wastewater Treatment Plant which is still on going and has an outstanding construction amount of $237,174. The Town also has a new obligation with the Western Virginia Water Authority in 2015 for additional improvements at the Wastewater Treatment Plant in the amount of $294,516.

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 remaining balance as of June 30, 2015 is $325,000.

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 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. The Town is continuously updating its electronic payment options to improve efficiency and better serve its customers.

Prospects for the Future

The Town of Vinton has been working with Roanoke County to market two surplused schools that are located within the Town's boundaries. One of these schools, the Roland E. Cook Elementary School property at the corner of Jefferson Avenue and Poplar Street is 100 years old built in 1915 and the proposal for "Roland E. Cook Lofts" is to transform each of the 21 classrooms in the building into upscale apartments -15 one-bedroom and six studio units. The aim is to leave the schoolhouse character intact with the gymnasium as some type of community space. The other property is the old William Byrd High School property built in 1930. Roanoke County is accepting proposals for the purchase and redevelopment of this property also which is located at 100 Highland Road. The development of these properties has the potential to add the first mixed-use developments to the Town.

Roanoke County Library Vinton Branch - Roanoke County is building its first urban library in Downtown Vinton. The current library is outdated and too small for the patrons who use it. The library will serve more than 200,000 people a year who will also visit stores, shops and restaurants in the renovated downtown area. This will also be the only County Library on a mass transit route. The new $10 million library across from the Vinton Municipal Building on Pollard Street will replace the current Vinton branch, which is the oldest library building in the county. The library will feature a coffee shop inside and was one thing Vinton residents indicated they wanted the facility to include.

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

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 diversified 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.

Change of Use Grant - . 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. The grant helps with expenses such as architectural renderings, ISO standards and other code compliance issues. The grant offers the participant up to $5,000 in assistance and is a 50% reimbursement of expenses.

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 and Money Markets. 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, 2014. 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 twenty (20) 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, 2014

Executive Director/CEO

TOWN OF VINTON, VIRGINIA

DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2015

TOWN COUNCIL

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

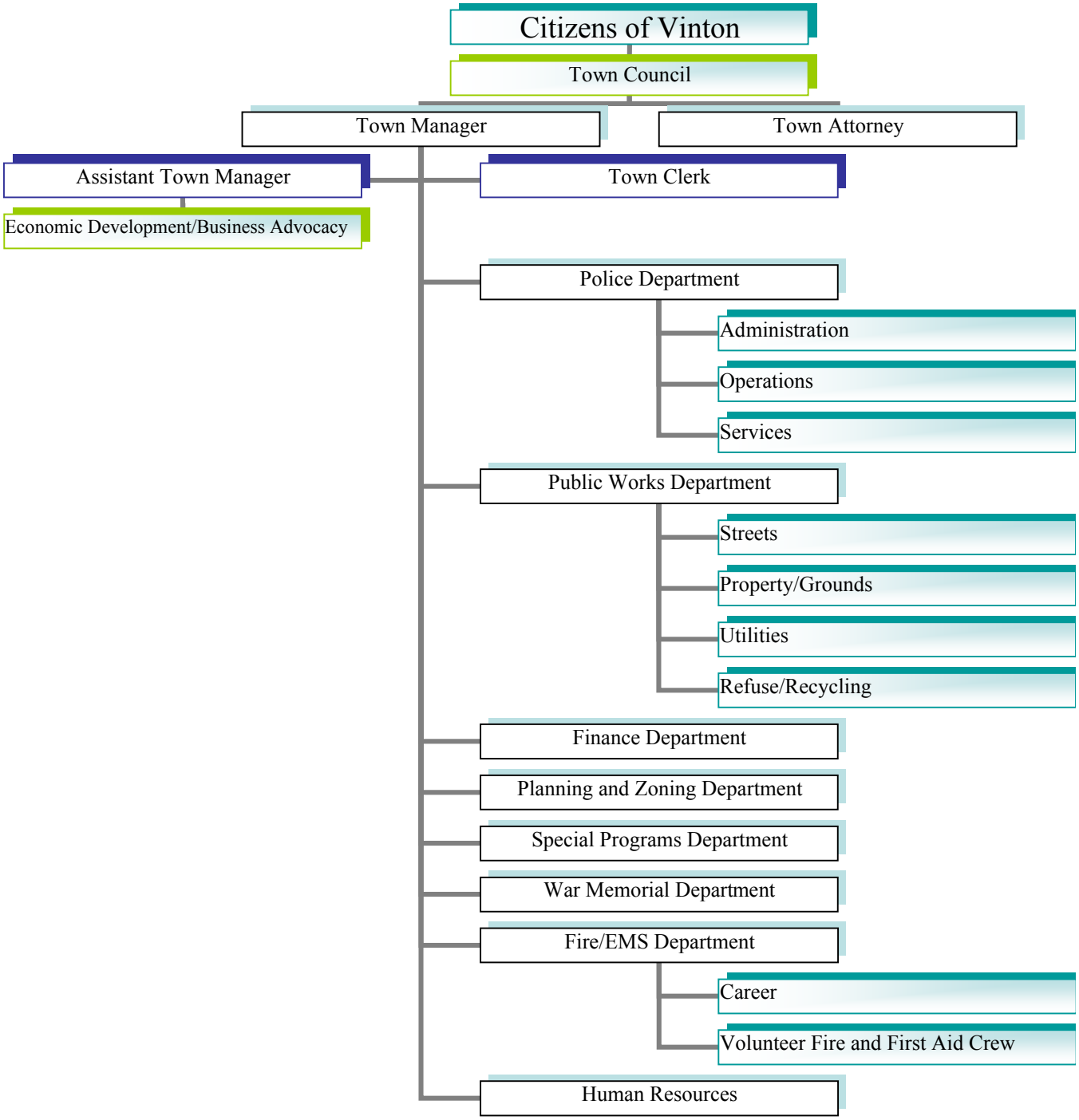
APPOINTED OFFICIALS

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.

Town of Vinton
Organization Chart



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 (the "Town"), as of and for the year ended June 30, 2015, 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, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change In Accounting Principle

As described in Note 16 to the financial statements, the Town adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. Our opinion is not modified with respect to this matter.

Prior Period Adjustments

As described in Note 16 to the financial statements, net position as of June 30, 2014 has been restated to adjust for the correction of an error. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the Town's 2014 financial statements, on which, in our report dated November 26, 2014, we expressed unmodified opinions. The 2014 financial information is provided for comparative purposes only. For the year ended June 30, 2015, beginning net position has been restated to reflect the impacts of adopting GASB No. 68, as described in Note 16. However, the information for periods prior to June 30, 2014 is not readily available, therefore the 2014 financial information has not been restated to reflect the effects of the new standard.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, 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.

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 9, 2015 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 9, 2015

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, 2015. 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.

In 2015, the Town adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The overall effect of this new standard is to reflect the Town's long-term Virginia Retirement System (VRS) obligations directly in the financial statements. Previously, such amounts were mostly disclosed, but were not recognized as long as the Authority was current with its required VRS contributions. The new standard not only changes certain measurement methodologies, but also requires certain new disclosures and that the Town record a net pension liability directly on the statement of net position. Beginning net position has been restated as discussed in footnote 16, and this has had a significant impact on the Town's net position. However, because similar information has been disclosed in prior years, both in the notes to the financial statements and in required supplementary information, the effect of this new standard is not expected to negatively affect how most governmental entities are viewed by sophisticated readers of their financial statements. Because information to restate prior years is not readily available, the prior year comparative information included in this discussion and analysis has not been restated.

Financial Highlights

- The total assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $11,965,815 (net position). Of this amount, $616,641 (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 $891,990. This increase is largely due to total expenses of $10,605,547 being less than total revenues of $11,497,537. In addition, a decrease of $301,480 (4.8%) in current and other assets occurred. Capital assets increased by $676,440 (3.3%) with the final result being an increase of 1.4% in total assets.

  On the other hand, long-term liabilities increased by $950,929 (7.6%) mainly due to implementing GASB 68 and recording the net pension liability, while other liabilities increased by $129,756 (13.7%) which was an offset of an increase in accounts payable and related liabilities and a decrease in accrued payroll and related liabilities.

  Both deferred outflows and inflows experienced significant changes during the year due to the implementation of GASB 68 and recording the associated deferred outflows and inflows related to the net pension liability.

  The final result of all these effects is a 8.1% increase in net position.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of $2,656,499, a decrease of $513,677 in comparison with the prior year. This is mostly due to an increase of $207,552 (45.6%) in total liabilities particularly due from accounts payable. In addition to this negative effect, deferred inflows of resources increased by $422,829 (50.2%) in particular unavailable/unearned revenue.
- Approximately 88.9% of the ending governmental fund balance, $2,361,436 is available for spending at the Town's discretion (unassigned fund balance), and represents 28.7% of the governmental fund's expenditures.

Overview of the Financial Statements (Continued)

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, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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 balance 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.

Overview of the Financial Statements (Continued)

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.

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, the net position was $11,965,815 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (92.9%) reflects its net 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 net 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 Position

	Governmental Activities		Business-Type Activities		Total	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Current and other assets	$ 4,583,937	$ 4,467,233	$ 1,458,590	$ 1,876,774	$ 6,042,527	$ 6,344,007
Capital assets	9,442,948	9,375,163	11,984,814	11,376,159	21,427,762	20,751,322
Total assets	14,026,885	13,842,396	13,443,404	13,252,933	27,470,289	27,095,329
Deferred outflows of resources	470,314	149,512	80,543	-	550,857	149,512
Current and other liabilities	696,139	512,637	383,459	437,205	1,079,598	949,842
Long-term liabilities	5,752,569	4,905,705	7,674,974	7,570,909	13,427,543	12,476,614
Total liabilities	6,448,708	5,418,342	8,058,433	8,008,114	14,507,141	13,426,456
Deferred inflows of resources	1,384,094	540,775	164,096	-	1,548,190	540,775
Net position						
Net investment in capital assets	5,929,925	5,550,872	5,184,003	4,834,097	11,113,928	10,384,969
Restricted	235,246	190,161	-	-	235,246	190,161
Unrestricted	499,226	2,291,758	117,415	410,722	616,641	2,702,480
Total net position	$ 6,664,397	$ 8,032,791	$ 5,301,418	$ 5,244,819	$ 11,965,815	$ 13,277,610

Unrestricted net position of $616,641 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 position, 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.

Government-wide Financial Analysis (Continued)

Governmental activities – Governmental activities increased the Town's net position by $438,710.

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, capital grants and contributions, and various taxes showed an increase over the prior year. Investment earnings also showed an increase because of the Town's investments and bond proceeds being invested in higher yields.

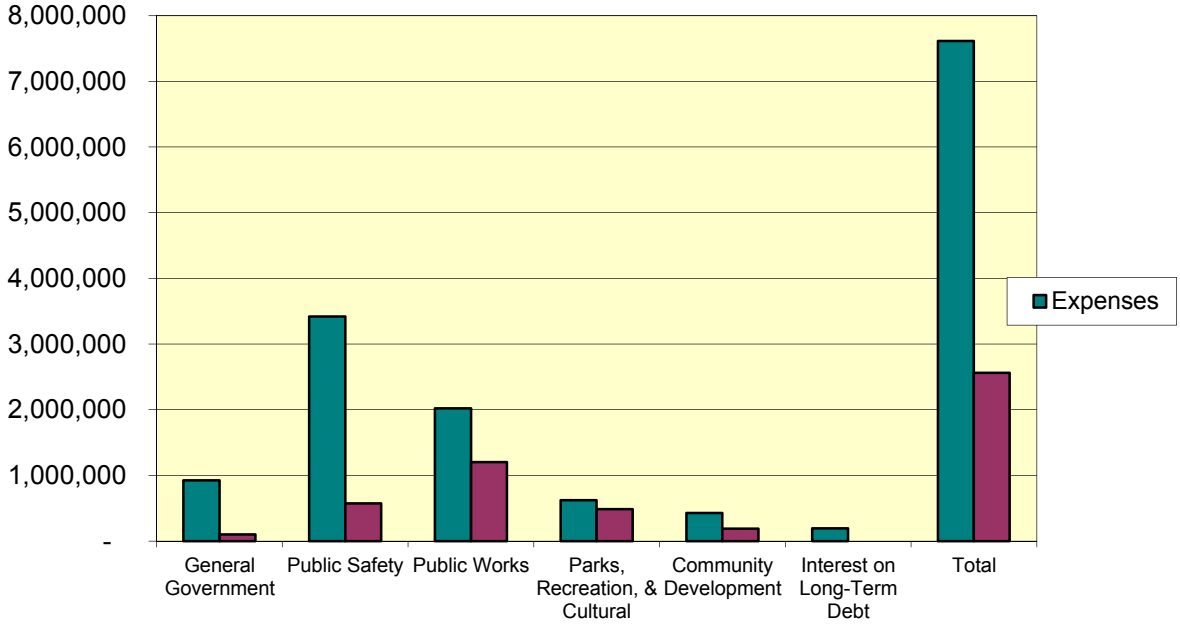
The Town's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014*	2015	2014	2015*	2014
Revenues						
Program revenues						
Charges for services	$ 753,110	$ 753,455	$ 3,195,850	$ 3,002,970	$ 3,948,960	$ 3,756,425
Operating grants and contributions	1,426,127	1,382,744	-	-	1,426,127	1,382,744
Capital grants and contributions	384,074	114,966	-	-	384,074	114,966
General revenues						
Property taxes	539,764	448,349	-	-	539,764	448,349
Other taxes	4,067,111	4,120,413	-	-	4,067,111	4,120,413
Intergovernmental unrestricted	768,956	756,199	-	-	768,956	756,199
Investment earnings	76,184	74,168	1,353	5,308	77,537	79,476
Other	34,446	28,268	250,562	255,135	285,008	283,403
Total revenues	8,049,772	7,678,562	3,447,765	3,263,413	11,497,537	10,941,975
Expenses						
General government	927,954	962,341	-	-	927,954	962,341
Public safety	3,418,566	3,339,148	-	-	3,418,566	3,339,148
Public works	2,021,994	1,993,713	-	-	2,021,994	1,993,713
Parks, recreation, and cultural	621,897	635,252	-	-	621,897	635,252
Community development	427,409	575,557	-	-	427,409	575,557
Interest on long-term debt	193,242	200,584	-	-	193,242	200,584
Water and sewer	-	-	2,994,485	3,174,896	2,994,485	3,174,896
Total expenses	7,611,062	7,706,595	2,994,485	3,174,896	10,605,547	10,881,491
Change in net position	438,710	(28,033)	453,280	88,517	891,990	60,484
Net position – July 1, as restated	6,225,687	7,937,206	4,848,138	5,156,302	11,073,825	13,093,508
Net position – June 30	$ 6,664,397	$ 7,909,173	$ 5,301,418	$ 5,244,819	$ 11,965,815	$ 13,153,992

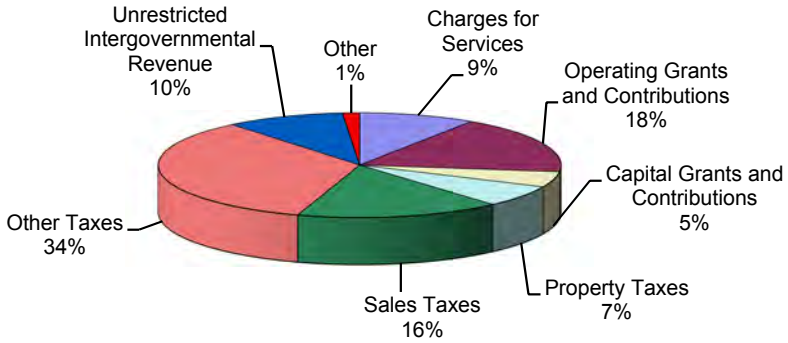
*As restated

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 $453,280. The Town increased water and sewer rates 8.9% effective July 1, 2014 with an anticipated 8.9% rate increase for July 1, 2015.

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 $2,656,499, a decrease of $513,677 in comparison with the prior year. This is largely due to an increase in deferred inflows of $422,829 (50.2%) and an increase in total liabilities of $207,552 (45.6%) particularly an increase in accounts payable and accrued liabilities of $286,543 (125.8%) and a decrease in accrued payroll and related liabilities of $75,356 (36.4%). Accounts payable and accrued liabilities, accrued payroll and related liabilities, and unearned revenue increased by $634,016 (49.7%). This increase was due to an increase in the 2015 real estate rate, which is used to fund the next fiscal year, and a large invoice for paving.

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 $117,415. 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 $55,337 primarily due to an increase in Categorical Aid by $43,177 (2.2%) and Recovered Costs by $12,160 (8.2%).

Differences between the original budget and the final amended budget for expenditures were $497,743 with the majority being 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 general property taxes collected was 91.41% of the budgeted amount. The real tax rate was increased from $0.03 to $0.07 per $100 of assessed value which resulted in a lower collection because of classifying the current year tax collection as deferred revenue.

Cigarette tax collection continues to decrease as a result of $0.20 increase in tax rate effective July 2013. Although the tax rate was reduced by $0.15 in March 2014 to encourage buyers, the market has not recovered. In addition to this negative impact, there has been a loss of two (2) retailers and a cigarette outlet opened outside of the Town limits. Another effect on this revenue is the sale of vapors

Fines and forfeitures were under budget estimates by 28.20% primarily due to court fines being down by $21,267 or 27.98%.. In reviewing this area, we have found that more community service versus fines is being sentenced by the Court thus having an impact on this type of revenue.

For the most part, economic indicators such as sales tax, meals tax, and business license tax reflect very favorable collection.

General Fund Budgetary Highlights (Continued)

All expenditures by budget functions have favorable variances due to concerted efforts of all departments to control and minimize expenditures. except for Interest and Fiscal Charges where the budget was understated.

The substantial favorable variance on Community Development is mainly due to $675,000 forecast for CDBG downtown revitalization project for which only $156,895 (23%) was expended.

Of the $668,105 budget on Capital Projects, only $551,936 was spent. Main projects such as RSTP Walnut Street Improvement ($74,178), Replacement of Dumptruck in Public Works were not purchased during the FY 2015 but will be pursued in FY 2016. The painting of the pool was not accomplished because the Town Council decided to closed the Pool after 2015 summer season.

The 5.78% increase in total operating revenue was affected primarily by a 8.9% rate increase on water and sewer effective July 1, 2014 resulting to 6.99% increase in water revenue and 6.04% increase in sewer revenue. There are more substantial positive variances on operating expenses but were offset by major spike on Maintenance and Materials but still resulted to a net effect of 4.35% favorable variance.

Significant variances in the enterprise fund expenses are in salaries and benefits. Salaries decreased **12.44%** while benefits were down 2.91%. This was caused by labor distribution of employees working in different cost centers thus shifting salaries and benefits to the general fund. Maintenance expense increase was partly caused by various repairs and maintenance on well houses and pumps. The considerable increase in materials can be attributed to a large inventory at the end of FY 2014 which was expended in FY 2015 and by more water chemicals used to comply with the new requirements in water testing. Positive variances in wastewater treatment at the Western Virginia Wastewater Treatment Plant and water purchased from the Western Virginia Water Authority were caused by variations in the volume of bulk water purchased by industry and wastewater treated from the Town.

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, 2015, amounts to $21,427,762 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure, machinery, and equipment. The total increase in the Town's investment in capital assets for the current fiscal year was 3.3% (a 0.7% increase for governmental activities and a 5.4% 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	
	2015	2014	2015	2014	2015	2014
Land	$ 1,706,089	$ 1,706,089	$ 80,752	$ 80,752	$ 1,786,841	$ 1,786,841
Buildings and systems	5,570,041	5,532,484	7,275,787	7,732,845	12,845,828	13,265,329
Infrastructure	1,369,223	1,440,659	-	-	1,369,223	1,440,659
Improvements other than buildings	-	-	2,692,070	2,527,672	2,692,070	2,527,672
Machinery and equipment	503,136	608,889	567,575	631,614	1,070,711	1,240,503
Construction in progress	294,459	87,042	1,368,630	403,276	1,663,089	490,318
Total	$ 9,442,948	$ 9,375,163	$ 11,984,814	$ 11,376,159	$ 21,427,762	$ 20,751,322

Capital Asset and Debt Administration (Continued)

Long-term debt – At the end of the current fiscal year, the Town had total debt outstanding of $11,288,749. Of this amount, $9,024,334 comprises debt backed by the full faith and credit of the government, $2,105,000 is related to revenue bond obligations, and $159,415 is related to capital leases.

	The Town's Outstanding Debt General Obligation and Capital Leases					
	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	$ 3,451,877	$ 3,724,405	$ 4,892,861	$ 5,235,409	$ 8,344,738	$ 8,959,814
Revenue bonds	-	-	2,105,000	2,225,000	2,105,000	2,225,000
Other obligations	385,080	442,548	294,516	-	679,596	442,548
Capital leases	159,415	209,262	-	-	159,415	209,262
	$ 3,996,372	$ 4,376,215	$ 7,292,377	$ 7,460,409	$ 11,288,749	$ 11,836,624

The Town's total debt decreased by $547,875, or 4.6%, during the fiscal year. This decrease is due to the payment of principal payment on outstanding debt.

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, 2015 is 4.50%, which is lower than last year's rate of 5.50%. This compares favorably to the state's average unemployment rate as of June 30, 2015 of 4.9% and to the national average rate of 5.30%.
- 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 decreased by $558,221. The general fund remains strong with an ending unassigned fund balance of $2,361,436. 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, 2015

	Governmental Activities	Business-type Activities	Totals 2015	Totals (For Comparison Only) 2014
ASSETS				
Cash and cash equivalents (Note 2)	$ 3,483,614	$ 491,724	$ 3,975,338	$ 3,970,526
Receivables, net (Note 3)	417,816	610,712	1,028,528	855,327
Due from other governmental units (Note 4)	600,152	-	600,152	345,109
Inventories	2,947	70,409	73,356	83,950
Prepaids	56,870	11,844	68,714	76,056
Cash and cash equivalents, restricted (Note 2)	22,538	273,901	296,439	1,013,039
Capital assets: (Note 5)				
Nondepreciable	2,000,548	1,449,382	3,449,930	2,277,159
Depreciable, net	7,442,400	10,535,432	17,977,832	18,474,163
Total assets	14,026,885	13,443,404	27,470,289	27,095,329
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	135,043	-	135,043	149,512
Pension contributions subsequent to measurement date (Note 7)	335,271	80,543	415,814	-
Total deferred outflows of resources	470,314	80,543	550,857	149,512
LIABILITIES				
Accounts payable and accrued liabilities	514,251	239,004	753,255	546,286
Accrued payroll and related liabilities	131,902	23,379	155,281	236,803
Accrued interest payable	33,145	89,576	122,721	120,877
Customer security deposits	-	31,500	31,500	25,400
Unearned revenue	16,841	-	16,841	20,476
Long-term liabilities:				
Net pension liability (Note 7)	1,213,519	266,381	1,479,900	-
Due within one year (Note 6)	526,420	502,440	1,028,860	1,006,230
Due in more than one year (Note 6)	4,012,630	6,906,153	10,918,783	11,470,384
Total liabilities	6,448,708	8,058,433	14,507,141	13,426,456
DEFERRED INFLOWS OF RESOURCES				
Property taxes	636,548	-	636,548	540,775
Net difference between projected and actual investment earnings on pension plan investments (Note 7)	747,546	164,096	911,642	-
Total deferred inflows of resources	1,384,094	164,096	1,548,190	540,775
NET POSITION				
Net investment in capital assets	5,929,925	5,184,003	11,113,928	10,384,969
Restricted for:				
Public safety	185,246	-	185,246	140,161
Parks, recreation, and cultural	50,000	-	50,000	50,000
Unrestricted	499,226	117,415	616,641	2,702,480
Total net position	$ 6,664,397	$ 5,301,418	$ 11,965,815	$ 13,277,610

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
							Totals	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**2015**	**(For Comparison Only) 2014**
Governmental activities								
General government administration	$ 927,954	$ 104,513	$ -	$ -	$ (823,441)		$ (823,441)	$ (858,904)
Public safety	3,418,566	72,356	331,229	171,920	(2,843,061)		(2,843,061)	(2,878,552)
Public works	2,021,994	110,295	1,094,898	-	(816,801)		(816,801)	(817,677)
Parks, recreation, and cultural	621,897	460,786	-	26,500	(134,611)		(134,611)	(188,649)
Community development	427,409	5,160	-	185,654	(236,595)		(236,595)	(511,064)
Interest on long-term debt	193,242	-	-	-	(193,242)		(193,242)	(200,584)
Total governmental activities	7,611,062	753,110	1,426,127	384,074	(5,047,751)		(5,047,751)	(5,455,430)
Business-type activities								
Water and sewer	2,994,485	3,195,850	-	-		$ 201,365	201,365	(171,926)
Total business-type activities	2,994,485	3,195,850	-	-		201,365	201,365	(171,926)
Total	$ 10,605,547	3,948,960	1,426,127	384,074	(5,047,751)	201,365	(4,846,386)	(5,627,356)
		General revenues						
		Property taxes (Note 10)			539,764	-	539,764	448,349
		Sales tax			1,320,700	-	1,320,700	1,287,437
		Meals tax			912,713	-	912,713	900,591
		Utilities tax			782,869	-	782,869	787,097
		Business license tax			489,749	-	489,749	517,111
		Cigarette tax			196,383	-	196,383	266,367
		Other local taxes			364,697	-	364,697	361,810
		Unrestricted intergovernmental revenue			768,956	-	768,956	756,199
		Unrestricted investment earnings			15,438	-	15,438	14,547
		Restricted investment earnings			60,746	1,353	62,099	64,929
		Other			34,446	250,562	285,008	283,403
		Total general revenues			5,486,461	251,915	5,738,376	5,687,840
		Change in net position			438,710	453,280	891,990	60,484
		NET POSITION AT JULY 1, AS RESTATED (NOTE 16)			6,225,687	4,848,138	11,073,825	13,217,126
		NET POSITION AT JUNE 30			$ 6,664,397	$ 5,301,418	$ 11,965,815	$ 13,277,610

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

TOWN OF VINTON, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2015

	General Fund	
	2015	(For Comparison Only) 2014
ASSETS		
Cash and cash equivalents	$ 3,483,614	$ 3,756,008
Receivables, net	417,816	283,787
Due from other governmental units	600,152	345,109
Inventories	2,947	3,525
Prepaids	56,870	56,833
Cash and cash equivalents, restricted	22,538	21,971
Total assets	$ 4,583,937	$ 4,467,233
LIABILITIES		
Accounts payable and accrued liabilities	$ 514,251	$ 227,708
Accrued payroll and related liabilities	131,902	207,258
Unearned revenue	16,841	20,476
Total liabilities	662,994	455,442
DEFERRED INFLOWS OF RESOURCES		
Unavailable/unearned revenue	1,264,444	841,615
FUND BALANCES		
Nonspendable	59,817	60,358
Restricted	235,246	190,161
Unassigned	2,361,436	2,919,657
Total fund balances	2,656,499	3,170,176
Total liabilities, deferred inflows of resources, and fund balances	$ 4,583,937	$ 4,467,233

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

TOWN OF VINTON, VIRGINIA

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2015

		General Fund	
		2015	(For Comparison Only) 2014
Total Fund Balances – Governmental Fund		$ 2,656,499	$ 3,170,176
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	$ 18,560,887		
Less: accumulated depreciation	(9,117,939)		
		9,442,948	9,375,163
Bond premiums are reported as revenues in the governmental funds, but are amortized over the life of the debt obligation in the statement of net position:			
Bond premiums total $(65,279) and accumulated amortization is $28,505.		(36,774)	(40,136)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		627,896	300,840
Financial statement elements related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows of resources for 2015 employer contributions	335,271		
Deferred inflows of resources for the net differences between projected and actual investment earnings on pension plan investments	(747,546)		
Net pension liability	(1,213,519)		
		(1,625,794)	-
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	(3,316,834)		
Obligations payable – Roanoke County and RCACP	(385,080)		
Capital lease obligations	(159,415)		
Accrued interest payable	(33,145)		
Compensated absences	(412,030)		
Other postemployment benefits	(93,874)		
		(4,400,378)	(4,773,252)
Total Net Position – Governmental Activities		$ 6,664,397	$ 8,032,791

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2015

	General Fund	
		(For Comparison Only)
	2015	2014
REVENUES		
General property taxes	$ 456,952	$ 445,931
Other local taxes	4,012,871	4,116,702
Permits, privilege fees, and regulatory licenses	12,403	9,085
Fines and forfeitures	56,503	75,059
Revenues from use of money and property	197,241	198,625
Charges for services	438,558	407,900
Other	129,124	149,957
Gain sharing	549,213	542,676
Recovered costs	21,301	16,240
Non-categorical aid	401,902	402,617
Categorical aid	1,439,204	1,281,587
Total revenues	7,715,272	7,646,379
EXPENDITURES		
Current:		
General government administration	668,082	645,071
Public safety	3,313,099	3,201,533
Public works	1,918,439	1,795,602
Parks, recreation, and cultural	617,934	620,636
Community development	604,476	468,678
Capital projects	551,936	140,478
Debt service:		
Principal retirement	379,843	372,923
Interest and fiscal charges	182,584	186,377
Total expenditures	8,236,393	7,431,298
Excess (deficiency) of revenues over expenditures	(521,121)	215,081
OTHER FINANCING SOURCES		
Proceeds from sale of uncapitalized items	7,444	6,516
Total other financing sources	7,444	6,516
Net change in fund balance	(513,677)	221,597
FUND BALANCE AT JULY 1	3,170,176	2,948,579
FUND BALANCE AT JUNE 30	$ 2,656,499	$ 3,170,176

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

TOWN OF VINTON, VIRGINIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

	General Fund	
		(For Comparison Only)
	2015	2014
Net change in fund balance governmental fund	$ (513,677)	$ 221,597
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.	449	(3,344)
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 capital outlays $738,118 exceeded depreciation $(670,333) in the current period.	67,785	(505,464)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	327,056	25,667
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which employer pension contributions $335,271 exceed pension expense $153,961 in the current period.	181,310	-
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 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.	368,736	288,880
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 a decrease in compensated absenses of $20,045, an increase in other postemployment benefits of $(36,595), and decrease in bank stock payable of $23,601.	7,051	(55,369)
Change in net position of governmental activities	$ 438,710	$ (28,033)

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
General property taxes	$ 499,915	$ 499,915	$ 456,952	$ (42,963)
Other local taxes	4,183,500	4,183,500	4,012,871	(170,629)
Permits, privilege fees, and regulatory licenses	11,000	11,000	12,403	1,403
Fines and forfeitures	78,700	78,700	56,503	(22,197)
Revenues from use of money and property	146,060	146,060	197,241	51,181
Charges for services	433,500	433,500	438,558	5,058
Other	121,750	123,694	129,124	5,430
Gain sharing	525,000	525,000	549,213	24,213
Recovered costs	31,000	41,216	21,301	(19,915)
Non-categorical aid	402,440	402,440	401,902	(538)
Categorical aid	2,007,442	2,050,619	1,439,204	(611,415)
Total revenues	8,440,307	8,495,644	7,715,272	(780,372)
EXPENDITURES				
Current:				
General government administration	698,521	693,766	668,082	25,684
Public safety	3,386,261	3,398,921	3,313,099	85,822
Public works	2,003,481	2,001,874	1,918,439	83,435
Parks, recreation, and cultural	651,071	654,337	617,934	36,403
Community development	1,116,519	1,118,123	604,476	513,647
Capital projects	196,887	668,105	551,936	116,169
Debt service:				
Principal retirement	329,844	380,744	379,843	901
Interest and fiscal charges	183,636	148,093	182,584	(34,491)
Total expenditures	8,566,220	9,063,963	8,236,393	827,570
OTHER FINANCING SOURCES				
Proceeds from sale of uncapitalized items	3,000	3,000	7,444	4,444
Total other financing sources	3,000	3,000	7,444	4,444
Net change in fund balance	$ (122,913)	$ (565,319)	$ (513,677)	$ 51,642

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2015

	Business-type Activities – Enterprise Fund Water and Sewer	
	2015	(For Comparison Only) 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 491,724	$ 214,518
Receivables, net	610,712	571,540
Inventories	70,409	80,425
Prepaids	11,844	19,223
Cash and cash equivalents, restricted	273,901	991,068
Total current assets	1,458,590	1,876,774
Noncurrent assets:		
Capital assets:		
Nondepreciable	1,449,382	484,028
Depreciable, net	10,535,432	10,892,131
Total noncurrent assets	11,984,814	11,376,159
Total assets	13,443,404	13,252,933
DEFERRED OUTFLOWS OF RESOURCES		
Pension contributions subsequent to measurement date	80,543	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	239,004	294,977
Accrued payroll and related liabilities	23,379	29,545
Accrued interest payable	89,576	87,283
Customer security deposits	31,500	25,400
Current portion of noncurrent liabilities	502,440	480,440
Total current liabilities	885,899	917,645
Noncurrent liabilities:		
Net pension liability	266,381	-
Due in more than one year	6,906,153	7,090,469
Total noncurrent liabilities	7,172,534	7,090,469
Total liabilities	8,058,433	8,008,114
DEFERRED INFLOWS OF RESOURCES		
Net difference between projected and actual investment earnings on pension plan investments	164,096	-
NET POSITION		
Net investment in capital assets	5,184,003	4,834,097
Unrestricted	117,415	410,722
Total net position	$ 5,301,418	$ 5,244,819

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2015

	Business-type Activities – Enterprise Fund	
	Water and Sewer	
		(For Comparison Only)
	2015	2014
OPERATING REVENUES		
Water service charges and fees	$ 1,454,106	$ 1,359,126
Sewer service charges and fees	1,686,890	1,590,870
Water/sewer penalties	54,854	52,974
Other revenue	250,562	255,135
Total operating revenues	3,446,412	3,258,105
OPERATING EXPENSES		
Salaries	734,363	838,728
Fringe benefits	263,571	271,468
Contractual services	28,939	39,466
Maintenance	120,441	73,095
Rent, utilities, and insurance	271,555	284,829
Materials and supplies	100,487	38,875
Equipment repairs and rentals	21,661	50,710
Sewage treatment	338,721	384,255
Purchase of water	104,653	119,976
Other	131,345	160,127
Depreciation	674,615	655,671
Total operating expenses	2,790,351	2,917,200
Operating income	656,061	340,905
NON-OPERATING REVENUE (EXPENSE)		
Interest income	1,353	5,308
Interest expense	(204,134)	(257,696)
Net non-operating expense	(202,781)	(252,388)
Change in net position	453,280	88,517
NET POSITION AT JULY 1, AS RESTATED (NOTE 16)	4,848,138	5,156,302
NET POSITION AT JUNE 30	$ 5,301,418	$ 5,244,819

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2015

	Business-type Activities – Enterprise Fund Water and Sewer	
	2015	(For Comparison Only) 2014
OPERATING ACTIVITIES		
Receipts from customers	$ 3,162,778	$ 2,969,729
Receipts from other sources	250,562	255,135
Payments to suppliers	(1,142,429)	(1,269,078)
Payments to employees	(1,041,463)	(1,092,198)
Net cash provided by operating activities	1,229,448	863,588
CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(1,002,705)	(720,784)
Principal paid on long-term liabilities	(462,548)	(1,004,718)
Interest paid	(205,509)	(256,920)
Net cash used in capital and related financing activities	(1,670,762)	(1,982,422)
INVESTING ACTIVITIES		
Interest received on investments	1,353	5,308
Net decrease in cash and cash equivalents	(439,961)	(1,113,526)
CASH AND CASH EQUIVALENTS		
Beginning at July 1	1,205,586	2,319,112
Ending at June 30	$ 765,625	$ 1,205,586
RECONCILIATION TO EXHIBIT 8		
Cash and cash equivalents	$ 491,724	$ 214,518
Cash and cash equivalents, restricted	273,901	991,068
	$ 765,625	$ 1,205,586
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 656,061	$ 340,905
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	674,615	655,671
Pension expense net of employer contributions	(46,747)	-
Change in certain assets and liabilities:		
(Increase) decrease in:		
Receivables, net	(39,172)	(48,041)
Inventories	10,016	(39,810)
Prepaids	7,379	(19,223)
Increase in:		
Accounts payable and accrued liabilities	(42,022)	(58,712)
Accrued payroll and related liabilities	(6,166)	8,912
Customer security deposits	6,100	14,800
Compensated absences	4,505	7,168
Other post employment benefits	4,879	1,918
Net cash provided by operating activities	$ 1,229,448	$ 863,588
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital asset purchases included in accounts payable	$ 69,902	$ 83,853
Increase in WVWA Sewage Treatment Plant and Interceptor rights	$ 294,516	$ -

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

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 $185,776 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 $66,170 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 $465,075 in the current year. Separate financial statements are not available.

(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Jointly Governed Organizations (Continued)

Western Virginia Regional Industrial Facility Authority:

The Town of Vinton, County of Botetourt, County of Franklin, County of Roanoke, City of Salem, and the City of Roanoke jointly participate in the Western Virginia Regional Industrial Facility Authority, which functions to enhance the economic base for members by developing, owning, and operating facilities on a cooperative basis. The Authority is governed by a board composed of twelve members appointed by the governing bodies of participating jurisdictions. Town Council appoints two members. There were no associated costs to members for participation in the Authority in the current year. A separate financial statement can be obtained from the Western Virginia Regional Industrial Facility Authority care of Roanoke Regional Partnership, 111 Franklin Road, SE, Roanoke, Virginia 24011.

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 $3,545 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting (Continued)

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 $497,743 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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

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. Deferred Outflows/Inflows of Resources

In addition to assets, the statements which present financial position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has two items that qualify for reporting in this category. The first is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding of debt. The second item consists of contributions subsequent to the measurement date for pensions; this will be applied to the net pension liability in the next fiscal year.

In addition to liabilities, statements which present financial position report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has three items that qualify for reporting in this category. The first item occurs only under a modified accrual basis of accounting. The item, *unavailable revenue*, is reported only in the governmental fund balance sheet. The governmental fund reports unavailable revenue from property taxes and other receivables not collected within 45 days of year-end and property taxes levied to fund future years. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to unearned property taxes including taxes received in advance of the year in which they are intended to fund operations. This item is a deferred inflow in both the governmental fund balance sheet and the entity-wide statement of net position. The third item is the net difference between projected and actual earnings on pension plan investments. This difference will be recognized in pension expense over a closed five year period.

Note 1. Summary of Significant Accounting Policies (Continued)

K. 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 $52,448 of interest capitalized in the current year.

L. 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.

M. Pensions

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

N. 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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.

O. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

O. Fund Balances (Continued)

The classifications are as follows: (Continued)

- **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.

Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. The degree of difficulty to remove an ordinance is greater than a resolution; therefore an ordinance is the most binding. Assigned fund balance is established by Council, the Town Manager, or the Treasuer/Director of Finance through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, 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.

P. 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.

Q. 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.

Note 1. Summary of Significant Accounting Policies (Continued)

R. 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.

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.

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk: (Continued)

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.

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.

Deposits	$ 4,269,055
Reconciliation of deposits to Exhibit 1:	
Cash and cash equivalents, excluding $2,722 cash on hand	$ 3,972,616
Cash and cash equivalents, restricted	296,439
Total deposits	$ 4,269,055

Restricted cash and cash equivalents consists of $242,901 of unspent bond proceeds, $31,000 of utility deposits, $20,774 of evidence found, and $1,764 of flex benefit spending that can only be used for specific purposes.

Note 3. Receivables

Receivables consist of the following:

	Governmental Activities	Business-type Activities	Total
Receivables			
Taxes	$ 549,144	$ -	$ 549,144
Accounts	12,712	673,712	686,424
Gross receivables	561,856	673,712	1,235,568
Less allowance for uncollectibles	144,040	63,000	207,040
Receivables, net	$ 417,816	$ 610,712	$ 1,028,528

Note 4. Due from Other Governmental Units

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

Commonwealth of Virginia	
Communication taxes	$ 57,115
Miscellaneous non-categorical aid	15,049
	72,164
Federal Government	
CDBG	56,604
Other	7,014
	63,618
County of Roanoke	
Local sales taxes	230,406
Transport fees	56,717
Other	177,247
	464,370
	$ 600,152

Note 5. Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance, as restated (See Note 16)	Increases	Decreases	Transfers	Ending Balance
Capital assets, not depreciated					
Land	$ 1,706,089	$ -	$ -	$ -	$ 1,706,089
Construction in progress	87,042	207,417	-	-	294,459
Total capital assets, not depreciated	1,793,131	207,417	-	-	2,000,548
Capital assets, depreciated					
Buildings and improvements	9,280,710	343,841	(101,866)	(20,716)	9,501,969
Machinery and equipment	4,446,712	186,860	(28,592)	-	4,604,980
Infrastructure	2,432,674	-	-	20,716	2,453,390
Total capital assets, depreciated	16,160,096	530,701	(130,458)	-	16,560,339
Less accumulated depreciation for:					
Buildings and improvements	3,748,226	285,568	(101,866)	-	3,931,928
Machinery and equipment	3,837,823	292,613	(28,592)	-	4,101,844
Infrastructure	992,015	92,152	-	-	1,084,167
Total accumulated depreciation	8,578,064	670,333	(130,458)	-	9,117,939
Total capital assets, depreciated, net	7,582,032	(139,632)	-	-	7,442,400
Governmental activities capital assets, net	$ 9,375,163	$ 67,785	$ -	$ -	$ 9,442,948

Note 5. Capital Assets (Continued)

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	$ 80,752	$ -	$ -	$ 80,752
Construction in progress	403,276	965,354	-	1,368,630
Total capital assets, not depreciated	484,028	965,354	-	1,449,382
Capital assets, depreciated				
Utility plant	18,771,062	23,300	-	18,794,362
Sewage treatment contract	3,816,857	294,516	-	4,111,373
Machinery and equipment	1,558,199	100	-	1,558,299
Total capital assets, depreciated	24,146,118	317,916	-	24,464,034
Less accumulated depreciation for:				
Utility plant	11,038,217	480,358	-	11,518,575
Sewage treatment contract	1,289,185	130,118	-	1,419,303
Machinery and equipment	926,585	64,139	-	990,724
Total accumulated depreciation	13,253,987	674,615	-	13,928,602
Total capital assets, depreciated, net	10,892,131	(356,699)	-	10,535,432
Business-type activities capital assets, net	$ 11,376,159	$ 608,655	$ -	$ 11,984,814

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

Governmental activities	
General government administration	$ 300,559
Public safety	200,470
Public works	154,049
Parks, recreation, and cultural	15,255
	$ 670,333
Business-type activities	
Water and sewer	$ 674,615

Construction Commitments

The Town's active construction projects as of June 30 are as follows:

Project	Total Remaining Commitment
Sewer Line on Blanford Avenue	$ 115,000
Phase 2 &3 of Jefferson Water Line	100,000
	$ 215,000

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 $987,000, which is being funded with general obligation bonds issued through the Virginia Resources Authority. The construction in progress balance related to this project at June 30, 2015 is $816,325.

The plant upgraded its Tinker Creek Interceptor to reduce inflow and infiltration as well as mitigate overflow. Modifications costing approximately $5 million were completed. The Town's share was approximately 5.5% or $294,000, which is being funded with an obligation payable to the Western Virginia Water 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	$ 3,724,405	$ -	$ (272,528)	$ 3,451,877	$ 281,336
Obligation payable – Roanoke County	375,000	-	(50,000)	325,000	50,000
Obligation payable – RCACP	67,548	-	(7,468)	60,080	7,656
Bond premiums	40,136	-	(3,362)	36,774	-
Capital leases	209,262	-	(49,847)	159,415	51,458
Compensated absences	432,075	122,539	(142,584)	412,030	135,970
Other postemployment benefits	57,279	44,448	(7,853)	93,874	-
	$ 4,905,705	$ 166,987	$ (533,642)	$ 4,539,050	$ 526,420
Business-type Activities					
General obligation bonds	$ 5,235,409	$ -	$ (342,548)	$ 4,892,861	$ 353,167
Revenue bonds	2,225,000	-	(120,000)	2,105,000	120,000
Obligation payable – WVWA	-	294,516	-	294,516	13,912
Bond Premiums	49,519	-	(3,668)	45,851	-
Compensated absences	54,576	18,694	(14,189)	59,081	15,361
Other postemployment benefits	6,405	5,926	(1,047)	11,284	-
	$ 7,570,909	$ 319,136	$ (481,452)	$ 7,408,593	$ 502,440

Note 6. Long-Term Liabilities (Continued)

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

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

	Governmental Activities					
	General Obligation Bonds		Capital Leases		Obligations Payable Roanoke County and RCACP	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 281,336	$ 105,149	$ 51,458	$ 5,151	$ 57,656	$ 1,408
2017	283,394	97,635	53,120	3,489	62,848	1,217
2018	290,332	90,000	54,837	1,772	63,040	1,023
2019	297,059	81,443	-	-	63,240	823
2020	318,522	72,469	-	-	63,444	619
2021-2025	1,716,234	213,252	-	-	74,852	617
2026-2030	265,000	19,817	-	-	-	-
	$ 3,451,877	$ 679,765	$ 159,415	$ 10,412	$ 385,080	$ 5,707

	Business-type Activities					
	General Obligation Bonds		Revenue Bonds		Obligation Payable WVWA	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 353,167	$ 145,208	$ 120,000	$ 97,125	$ 13,912	$ 6,799
2017	364,081	134,295	125,000	92,538	14,241	6,470
2018	375,330	123,045	130,000	87,750	14,578	6,134
2019	348,217	112,013	135,000	82,450	14,922	5,789
2020	358,028	101,202	145,000	76,125	15,275	5,437
2021-2025	1,919,729	331,685	835,000	262,375	81,964	21,593
2026-2030	834,424	94,903	615,000	47,125	92,120	11,437
2031-2033	339,885	14,717	-	-	47,504	1,522
	$ 4,892,861	$ 1,057,068	$ 2,105,000	$ 745,488	$ 294,516	$ 65,181

The revenue bond has been issued in accordance with the terms of an indenture agreement with the Virginia Municipal League/Virginia Association of Counties. The indenture agreement requires the Town to pledge its Water and Sewer Fund Revenues as collateral for the revenue bond and to maintain revenues in the Water and Sewer Fund equal to at least 1.20 of all debt service payments which exclude any refunded principal payments. The pledged revenue coverage ratio for the year ended June 30, 2015 was 1.99. Statistical Section Table 11 presents the pledged revenue coverage ratio.

Details of long-term indebtedness are as follows:

Note 6. Long-Term Liabilities (Continued)

	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. Public Improvement Bonds	3.64-4.96%	06/01/06	10/01/26	$ 755,000	$ 530,000	$ -
Virginia Revolving Loan Fund:						
G.O. Water and Sewer Bonds	3.30%	07/24/03	07/01/24	1,250,704	-	708,466
G.O. Water and Sewer Bonds	3.10%	10/01/04	10/01/26	2,479,000	-	1,637,383
G.O. Water and Sewer Bonds	3.10%	01/12/06	03/01/26	1,210,000	-	770,018
Virginia Association of Counties:						
G.O. Public Improvement Bonds	3.75-5.25%	02/08/07	02/01/27	1,045,000	755,000	-
Capital One Public Funding:						
G.O. Public Improvement Bonds	2.85%	06/27/13	11/01/32	1,993,152	-	1,776,994
Carter Bank and Trust:						
G.O. Refunding Bonds	2.05%	06/27/13	11/01/24	2,228,409	2,166,877	-
					3,451,877	4,892,861
		Plus bond premium, net of amortization			36,774	-
					$ 3,488,651	$ 4,892,861
Revenue Bonds:						
Virginia Association of Counties:						
Revenue Water and Sewer Bonds	3.50-5.00%	12/19/07	08/01/27	2,750,000	$ -	$ 2,105,000
		Plus bond premium, net of amortization			-	45,851
					$ -	$ 2,150,851
Capital Lease:						
Kansas State Bank	3.23%	09/06/12	10/06/17	$ 313,315	$ 159,415	$ -
Obligations Payable:						
Roanoke County	0.00%	07/01/11	07/01/20	$ 625,000	$ 325,000	$ -
RCACP	2.46	12/31/13	09/30/22	73,180	60,080	-
WVWA	2.35	03/01/15	09/01/32	294,516	-	294,516
					$ 385,080	$ 294,516

Note 7. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Town of Vinton, Virginia, (the "Political Subdivision") are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the "System") along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Eligible Members	**Eligible Members**	**Eligible Members**
Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. **Hybrid Opt-In Election** VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Retirement Contributions	Retirement Contributions	Retirement Contributions
Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Employees contribute 5.00% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5.00% member contribution but all employees will be paying the full 5.00% by July 1, 2016.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Creditable Service	**Creditable Service**	**Creditable Service**
Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Same as Plan 1.	**Defined Benefit Component:** Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Vesting	**Vesting**	**Vesting**
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Same as Plan 1.	**Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

		Vesting (Continued) **Defined Contributions Component: (Continued)** • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	**Service Retirement Multiplier** **VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013.	**Service Retirement Multiplier** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	**Sheriffs and regional jail superintendents:** Same as Plan 1.	**Sheriffs and regional jail superintendents:** Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Political subdivision hazardous duty employees:** Same as Plan 1.	**Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component:** Not applicable.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Normal Retirement Age **VRS:** Age 65. **Political subdivisions hazardous duty employees:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Normal Retirement Age** **Defined Benefit Component:** **VRS:** Same as Plan 2. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. **Political subdivisions hazardous duty employees:** Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service. **Political subdivisions hazardous duty employees:** 50 with at least five years of creditable service.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** **Defined Benefit Component:** **VRS:** Age Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. **Political subdivisions hazardous duty employees:** Not applicable. **Defined Contribution Component:** Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3.00% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4.00%) up to a maximum COLA of 5.00%. **Eligibility:** For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2.00% increase in the CPI-U and half of any additional increase (up to 2.00%), for a maximum COLA of 3.00%. **Eligibility:** Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** **Defined Benefit Component:** Same as Plan 2. **Defined Contribution Component:** Not applicable. **Eligibility:** Same as Plan 1 and Plan 2.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Cost-of-Living Adjustment (COLA) in Retirement (Continued)	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)**	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)**
Eligibility: (Continued) For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.		
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Cost-of-Living Adjustment (COLA) in Retirement (Continued) **Exceptions to COLA Effective Dates:** (Continued) • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Note 7. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

Purchase of Prior Service	**Purchase of Prior Service**	**Purchase of Prior Service**
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Same as Plan 1.	**Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4.00% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. **Defined Contribution Component:** Not applicable.

Note 7. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	56
Inactive members:	
Vested inactive members	23
Non-vested inactive members	31
Inactive members active elsewhere in VRS	56
Total inactive members	110
Active members	80
Total covered employees	246

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2015 was 12.40% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were $415,814 and $307,429 for the years ended June 30, 2015 and June 30, 2014, respectively.

Note 7. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The political subdivision's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.50%
Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

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

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

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

Note 7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Inflation	2.50%
Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

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

Largest 10 – LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 7. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees (Continued)

All Others (Non 10 Largest) – LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 –LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

Note 7. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50 %	6.46 %	1.26 %
Developed Non U.S. Equity	16.50 %	6.28 %	1.04 %
Emerging Market Equity	6.00 %	10.00 %	0.60 %
Fixed Income	15.00 %	0.09 %	0.01 %
Emerging Debt	3.00 %	3.51 %	0.11 %
Rate Sensitive Credit	4.50 %	3.51 %	0.16 %
Non Rate Sensitive Credit	4.50 %	5.00 %	0.23 %
Convertibles	3.00 %	4.81 %	0.14 %
Public Real Estate	2.25 %	6.12 %	0.14 %
Private Real Estate	12.75 %	7.10 %	0.91 %
Private Equity	12.00 %	10.41 %	1.25 %
Cash	1.00 %	(1.50)%	(0.02)%
Total	100.00 %		5.83 %
		Inflation	2.50 %
		* Expected arithmetic nominal return	8.33 %

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Note 7. Defined Benefit Pension Plan (Continued)

Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2013	$ 15,624,580	$ 13,113,366	$ 2,511,214
Changes for the year:			
Service cost	430,229	-	430,229
Interest	1,065,284	-	1,065,284
Differences between expected and actual experience	-	-	-
Contributions – employer	-	307,429	(307,429)
Contributions – employee	-	184,601	(184,601)
Net investment income	-	2,045,884	(2,045,884)
Benefit payments, including refunds of employee contributions	(812,476)	(812,476)	-
Administrative expenses	-	(11,195)	11,195
Other changes	-	108	(108)
Net changes	683,037	1,714,351	(1,031,314)
Balances at June 30, 2014	$ 16,307,617	$ 14,827,717	$ 1,479,900

Note 7. Defined Benefit Pension Plan (Continued)

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Political subdivision's net pension liability	$ 3,629,056	$ 1,479,900	$ (298,251)

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

For the year ended June 30, 2015, the political subdivision recognized pension expense of $187,757. At June 30, 2015, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	911,642
Employer contributions subsequent to the measurement date	415,814	-
Total	$ 415,814	$ 911,642

Note 7. Defined Benefit Pension Plan (Continued)

Deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Reduction to Pension Expense
2016	$ 227,910
2017	227,910
2018	227,910
2019	227,912
Thereafter	-

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.

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.

Note 8. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation

The components of the Town's annual OPEB cost (expense) are discussed below. The Annual Required Contribution (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 2015, the Town's pay-as-you-go funding totaled $8,900 and resulted in a Net OPEB obligation of $105,158. The pay-as-you-go funding includes the Town's contribution towards retiree health care premiums of $4,000, and an implicit subsidy of the retiree health care premiums created through the blending of active employee and retiree insurance rates.

Annual required contribution	$	50,500
Interest on net OPEB obligation		2,229
Adjustment to annual required contribution		(2,355)
Annual OPEB cost		50,374
Less funding		(8,900)
Increase in net OPEB obligation		41,474
Net OPEB obligation-beginning of year		63,684
Net OPEB obligation-end of year	$	105,158

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015, 2014, and 2013 are as follows:

Fiscal Year Ended		OPEB Cost	Percentage of Annual OPEB Cost Contributed		Net OPEB Obligation
June 30, 2015	$	50,374	17.7%	$	105,158
June 30, 2014		40,076	56.4%		63,684
June 30, 2013		39,990	93.2%		46,208

Funded Status and Funding Progress

As of January 1, 2015, the Town's most recent actuarial valuation date, the unfunded actuarial accrued liability (UAAL) for benefits was $304,700, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $3,281,500, and the ratio of the UAAL to the covered payroll was 9.29%.

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 8. Other Postemployment Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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, 2015 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 2.50% inflation rate, a 3.50% discount rate, and an initial annual healthcare cost trend of 6.60% reduced by decrements each year to arrive at an ultimate healthcare cost trend rate of 4.50%. The unfunded accrued liability is being amortized over 30 years. The Town has selected an open amortization method. The amortization amount is determined as a level percentage of payroll. The remaining amortization period at June 30, 2015 is 30 years.

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.

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	$	.07
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 2014-2015, total premiums paid were approximately $90,000. 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.

General Liability

The Town provides general liability and other insurance through policies with Virginia Municipal Self-Insurance Association. During 2014-2015, total premiums paid were approximately $125,000. 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.

(Continued)

Note 12. Risk Management (Continued)

General Liability (Continued)

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 2014-2015, total premiums paid were approximately $660,000.

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.

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.

Note 13. Commitments and Contingencies (Continued)

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.

Note 14. Major Customer/Taxpayer

During fiscal year 2015, approximately 6% of the Town's business-type revenues were generated by one industrial customer.

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	$ 2,947
Prepaids	56,870
Total nonspendable	59,817
Restricted for:	
Public safety	185,246
Greenway project	50,000
Total restricted	235,246
Unassigned	2,361,436
Total fund balance	$ 2,656,499

Note 16. Adoption of New Standard and Prior Period Restatement

The following is a summary of the restatements to net position:

	Governmental Activities
Net position June 30, 2014, as previously stated	$ 7,909,173
Restatement to correct accumulated depreciation for erroneously fully depreciated assets	123,618
Net position June 30, 2014, as restated	$ 8,032,791

In addition, in the current year, the Town adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27, as amended by GASB Statement No. 71*. This standard 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 new 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. Comparative prior year information, to the extent presented, has not been restated because the necessary information is not available.

The following is a summary of the restatements to net position, resulting from the adoption of GASB Statement No. 68:

	Governmental Activities	Water and Sewer Fund
Net position, July 1, 2014, per above	$ 8,032,791	$ 5,244,819
Recognition of pension related liabilities and deferred outflows in accordance with GASB No. 68	(1,807,104)	(396,681)
Net position, July 1, 2014, as restated	$ 6,225,687	$ 4,848,138

Note 17. New Accounting Standards

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

GASB Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement will be effective for the year ending June 30, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pensions* improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement will be effective for the year ending June 30, 2018.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* identifies—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement will be effective for the year ending June 30, 2016 and should be applied retroactively. Earlier application is permitted.

Note 17. New Accounting Standards (Continued)

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments to disclose information about the nature and magnitude of tax abatements granted to a specific taxpayer, typically for the purpose of economic development. This does not cover programs that reduce the tax liabilities of broad classes of taxpayers, such as senior citizens or veterans, and which are not the product of individual agreements with each taxpayer. The Statement does not consider issues related to recognition. This Statement will be effective for the year ending June 20, 2017.

Management has not yet evaluated the effects, if any, of adopting these standards.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2015

Total Pension Liability	
Service cost	$ 430,229
Interest on total pension liability	1,065,284
Benefit payments, including refunds of employee contributions	(812,476)
Net change in total pension liability	683,037
Total pension liability - beginning	15,624,580
Total pension liability - ending	$ 16,307,617
Plan Fiduciary Net Position	
Contributions - employer	$ 307,429
Contributions - employee	184,601
Net investment income	2,045,884
Benefit payments, including refunds of employee contributions	(812,476)
Administrative expenses	(11,195)
Other	108
Net change in plan fiduciary net position	1,714,351
Plan fiduciary net position - beginning	13,113,366
Plan fiduciary net position - ending	$ 14,827,717
Net pension liability - ending	$ 1,479,900
Plan fiduciary net position as a percentage of total pension liability	91%
Covered employee payroll	$ 3,353,343
Net pension liability as a percentage of covered employee payroll	44%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2015

Year Ended June 30	Actuarially Determined Contribution (1)	Contributions in Relation to Actuarially Determined Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Employee Payroll (4)	Contributions as a percentage of Covered Payroll (5)
2015	$ 415,814	$ 415,814	$ -	$ 3,353,343	12.40%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

The Notes to Required Supplementary Information are an integral part of this statement.

EXHIBIT 13

TOWN OF VINTON, VIRGINIA

SCHEDULE OF FUNDING PROGRESS - OPEB
June 30, 2015

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, 2015	$ -	$ 304,700	$ 304,700	0.00%	$ 3,281,500	9.29%
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

TOWN OF VINTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

Note 1. Changes of Benefit Terms

There have been no significant changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012 (fiscal year 2014 for the teacher cost sharing pool). The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013, and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Note 2. Changes of Assumptions

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

Largest 10 – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 –LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) – LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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

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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.

Contents **Table**

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 GASB Statement 68 and restated beginning net position for 2015. The restatement is not included in the prior year data.

TABLE 1

TOWN OF VINTON, VIRGINIA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities										
Net investment in capital assets	$ 5,929,925	$ 5,427,254	$ 5,704,050	$ 5,919,643	$ 6,316,937	$ 6,760,474	$ 7,365,632	$ 7,763,470	$ 7,500,994	$ 7,237,168
Restricted	235,246	190,161	91,676	-	20,053	20,000	20,000	20,000	20,000	20,000
Unrestricted	499,226	2,291,758	2,219,240	1,972,859	1,491,375	1,362,770	1,650,476	2,451,898	3,431,442	3,238,092
Total governmental activities net position	$ 6,664,397	$ 7,909,173	$ 8,014,966	$ 7,892,502	$ 7,828,365	$ 8,143,244	$ 9,036,108	$ 10,235,368	$ 10,952,436	$ 10,495,260
Business-type activities										
Net investment in capital assets	$ 5,184,003	$ 4,834,097	$ 4,853,969	$ 4,838,640	$ 5,019,517	$ 5,437,639	$ 5,342,230	$ 5,497,604	$ 5,555,583	$ 6,072,220
Unrestricted	117,415	410,722	394,976	339,523	661,273	297,150	968,176	1,255,035	1,837,429	1,882,467
Total business-type activities net position	$ 5,301,418	$ 5,244,819	$ 5,248,945	$ 5,178,163	$ 5,680,790	$ 5,734,789	$ 6,310,406	$ 6,752,639	$ 7,393,012	$ 7,954,687
Primary government										
Net investment in capital assets	$ 11,113,928	$ 10,261,351	$ 10,558,019	$ 10,758,283	$ 11,336,454	$ 12,198,113	$ 12,707,862	$ 13,261,074	$ 13,056,577	$ 13,309,388
Restricted	235,246	190,161	91,676	-	20,053	20,000	20,000	20,000	20,000	20,000
Unrestricted	616,641	2,702,480	2,614,216	2,312,382	2,152,648	1,659,920	2,618,652	3,706,933	5,268,871	5,120,559
Total primary government net position	$ 11,965,815	$ 13,153,992	$ 13,263,911	$ 13,070,665	$ 13,509,155	$ 13,878,033	$ 15,346,514	$ 16,988,007	$ 18,345,448	$ 18,449,947

Note: GASB Statement No. 68 was adopted in fiscal year 2015

TABLE 2
(Continued)

TOWN OF VINTON, VIRGINIA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities										
General government	$ 927,954	$ 962,341	$ 942,315	$ 948,803	$ 934,388	$ 1,023,227	$ 1,037,073	$ 906,072	$ 1,842,084	$ 758,537
Public safety	3,418,566	3,339,148	3,238,361	3,214,622	3,397,562	3,446,746	3,593,946	3,407,536	3,454,713	2,973,885
Public works	2,021,994	1,993,713	2,074,464	2,062,430	2,243,111	2,457,832	2,455,754	2,905,249	2,058,379	1,583,537
Parks, recreation, and cultural	621,897	635,252	588,649	553,866	583,569	617,778	610,756	575,895	300,854	456,343
Community development	427,409	575,557	398,517	1,034,510	339,983	393,160	339,304	227,303	218,941	206,510
Interest on long-term debt	193,242	200,584	143,455	183,672	194,159	203,787	211,189	220,551	188,966	140,534
Total governmental activities	7,611,062	7,706,595	7,385,761	7,997,903	7,692,772	8,142,530	8,248,022	8,242,606	8,063,937	6,119,346
Business-type activities										
Water and sewer	2,994,485	3,174,896	2,946,127	3,044,342	3,002,964	3,238,927	3,189,315	3,148,236	3,035,847	2,380,728
Total business-type activities expense	2,994,485	3,174,896	2,946,127	3,044,342	3,002,964	3,238,927	3,189,315	3,148,236	3,035,847	2,380,728
Total primary government expenses	$ 10,605,547	$ 10,881,491	$ 10,331,888	$ 11,042,245	$ 10,695,736	$ 11,381,457	$ 11,437,337	$ 11,390,842	$ 11,099,784	$ 8,500,074
Program Revenues										
Governmental activities										
Charges for services										
Public safety	$ 72,356	$ 88,364	$ 89,115	$ 91,196	$ 119,870	$ 108,187	$ 172,357	$ 128,216	$ 231,207	$ 203,532
Public works	110,295	110,425	110,115	110,460	110,380	110,175	132,382	114,274	110,220	114,267
Other activities	570,459	554,666	495,133	440,883	466,306	489,901	436,835	450,338	370,838	502,979
Operating grants and contributions	1,426,127	1,382,744	1,287,108	1,281,998	1,318,394	1,366,971	1,454,813	1,691,163	1,282,244	1,102,340
Capital grants and contributions	384,074	114,966	53,749	66,545	75,188	8,034	2,146	91,590	1,337,016	123,240
Total governmental activities program revenues	2,563,311	2,251,165	2,035,220	1,991,082	2,090,138	2,083,268	2,198,533	2,475,581	3,331,525	2,046,358
Business-type activities										
Charges for services										
Water and sewer	3,195,850	3,002,970	2,754,147	2,753,851	2,672,156	2,439,634	2,289,754	2,255,505	2,274,224	2,143,032
Capital grants and contributions	-	-	-	-	-	-	303,556	-	48,540	-
Total business-type activities program revenues	3,195,850	3,002,970	2,754,147	2,753,851	2,672,156	2,439,634	2,593,310	2,255,505	2,322,764	2,143,032
Total primary government program revenues	$ 5,759,161	$ 5,254,135	$ 4,789,367	$ 4,744,933	$ 4,762,294	$ 4,522,902	$ 4,791,843	$ 4,731,086	$ 5,654,289	$ 4,189,390
Net (expense) revenue										
Governmental activities	$ (5,047,751)	$ (5,455,430)	$ (5,350,541)	$ (6,006,821)	$ (5,602,634)	$ (6,059,262)	$ (6,049,489)	$ (5,767,025)	$ (4,732,412)	$ (4,072,988)
Business-type activities	201,365	(171,926)	(191,980)	(290,491)	(330,808)	(799,293)	(596,005)	(892,731)	(713,083)	(237,696)
Total primary government net expense	$ (4,846,386)	$ (5,627,356)	$ (5,542,521)	$ (6,297,312)	$ (5,933,442)	$ (6,858,555)	$ (6,645,494)	$ (6,659,756)	$ (5,445,495)	$ (4,310,684)

(Continued)

TABLE 2
(Continued)

TOWN OF VINTON, VIRGINIA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 539,764	$ 448,349	$ 453,135	$ 510,558	$ 429,409	$ 419,401	$ 434,176	$ 467,806	$ 411,866	$ 397,200
Sales tax	1,320,700	1,287,437	1,284,455	1,247,566	1,171,590	1,113,322	1,132,519	1,132,083	1,148,136	1,065,843
Business license tax	489,749	517,111	491,996	460,638	454,636	456,536	437,797	452,672	413,400	403,818
Meals tax	912,713	900,591	912,226	909,814	864,448	842,384	861,286	860,961	806,916	715,267
Other taxes	561,080	628,177	692,669	698,412	734,316	755,808	386,703	338,292	397,014	423,145
Utilities tax	782,869	787,097	785,555	782,487	801,264	803,044	795,268	804,812	790,308	719,289
Intergovernmental revenue not restricted	768,956	756,199	807,117	773,617	748,815	664,975	631,320	679,009	755,599	437,496
Investment earnings not restricted	15,438	14,540	4,434	3,020	1,904	3,187	28,917	112,672	210,193	147,368
Restricted investment earnings	60,746	59,628	-	-	-	-	187	11,087	145,554	113,317
Gain on disposal of property	7,444	6,516	-	-	-	-	-	-	-	51,366
Other	27,002	21,752	41,418	184,846	81,373	29,275	16,038	77,077	48,702	27,774
Transfers	-	-	-	500,000	-	78,466	126,018	113,486	61,900	7,500
Total governmental activities	5,486,461	5,427,397	5,473,005	6,070,958	5,287,755	5,166,398	4,850,229	5,049,957	5,189,588	4,509,383
Business-type activities:										
Investment earnings not restricted	-	7	66	414	1,174	1,824	16,719	67,772	110,024	76,855
Restricted investment earnings	1,353	5,301	762	91	427	1,727	26,873	47,234	-	-
Other	250,562	255,135	261,934	287,359	275,208	298,591	236,198	250,838	103,284	53,011
Transfers	-	-	-	(500,000)	-	(78,466)	(126,018)	(113,486)	(61,900)	(7,500)
Total business-type activities	251,915	260,443	262,762	(212,136)	276,809	223,676	153,772	252,358	151,408	122,366
Total primary government	$ 5,738,376	$ 5,687,840	$ 5,735,767	$ 5,858,822	$ 5,564,564	$ 5,390,074	$ 5,004,001	$ 5,302,315	$ 5,340,996	$ 4,631,749
Changes in Net Position										
Governmental activities	$ 438,710	$ (28,033)	$ 122,464	$ 64,137	$ (314,879)	$ (892,864)	$ (1,199,260)	$ (717,068)	$ 457,176	$ 436,395
Business-type activities	453,280	88,517	70,782	(502,627)	(53,999)	(575,617)	(442,233)	(640,373)	(561,675)	(115,330)
Total primary government	$ 891,990	$ 60,484	$ 193,246	$ (438,490)	$ (368,878)	$ (1,468,481)	$ (1,641,493)	$ (1,357,441)	$ (104,499)	$ 321,065

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)

	2010	2009	2008	2007	2006
Pre-GASB 54 implementation:					
General Fund					
Reserved	$ 361,090	$ 272,645	$ 314,902	$ 2,835,003	$ 4,625,979
Unreserved	1,322,095	1,698,851	2,439,625	1,747,348	2,927,980
Total general fund	$ 1,683,185	$ 1,971,496	$ 2,754,527	$ 4,582,351	$ 7,553,959

	2015	2014	2013	2012	2011
Post-GASB 54 implementation:					
General Fund					
Nonspendable	$ 59,817	$ 60,358	$ 19,101	$ 62,746	$ 66,341
Restricted	235,246	190,161	274,908	17,068	372,271
Assigned	-	-	-	-	100,000
Unassigned	2,361,436	2,919,657	2,837,802	2,584,947	1,196,789
Total general fund	$ 2,656,499	$ 3,170,176	$ 3,131,811	$ 2,664,761	$ 1,735,401

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	$ 4,469,823	$ 4,562,633	$ 4,597,882	$ 4,529,953	$ 4,467,158	$ 4,345,947	$ 4,049,513	$ 4,084,586	$ 3,914,205	$ 3,726,456
Permits, privilege fees, and regulatory licenses	12,403	9,085	10,861	9,273	10,242	12,116	11,321	14,035	10,852	10,029
Fines and forfeitures	56,503	75,059	73,107	75,989	102,566	94,548	116,463	102,720	103,816	93,022
Revenue from use of money and property	197,241	198,625	105,998	105,666	118,560	156,533	201,341	298,369	527,343	436,303
Charges for services	438,558	407,900	387,049	333,832	355,606	328,116	319,293	270,521	190,513	323,882
Other	129,124	149,957	72,337	18,522	16,860	3,562	4,638	4,718	10,740	5,175
Intergovernmental	2,411,620	2,243,120	2,239,992	2,303,286	2,303,732	2,170,790	2,230,602	2,590,575	3,491,179	1,903,599
Total revenues	7,715,272	7,646,379	7,487,226	7,376,521	7,374,724	7,111,612	6,933,171	7,365,524	8,248,648	6,498,466
Expenditures										
General government	668,082	645,071	632,136	618,951	628,386	641,853	652,359	695,916	660,932	629,650
Public safety	3,313,099	3,201,533	3,005,917	2,948,155	3,250,590	3,200,859	3,259,980	3,379,924	3,209,720	2,813,661
Public works	1,918,439	1,795,602	1,892,656	1,834,120	1,990,381	2,164,328	2,219,226	2,357,040	1,779,490	1,479,899
Parks, recreation, and cultural	617,934	620,636	547,604	518,579	551,240	574,215	571,291	511,481	294,221	445,612
Community development	604,476	468,678	386,592	544,245	333,617	365,366	316,267	221,764	217,263	206,379
Capital projects	551,936	140,478	542,235	160,752	114,309	90,570	384,982	1,962,873	5,899,542	907,147
Debt service:										
Principal retirement	379,843	372,923	335,766	267,595	260,501	253,500	241,585	208,404	154,021	148,208
Interest and fiscal charges	182,584	186,377	174,699	185,715	195,608	205,189	212,090	208,912	202,495	157,905
Bond issuance costs	-	-	36,638	-	-	-	-	1,856	-	-
Total expenditures	8,236,393	7,431,298	7,554,243	7,078,112	7,324,632	7,495,880	7,857,780	9,548,170	12,417,684	6,788,461
Excess (deficiency) of revenues over expenditures	(521,121)	215,081	(67,017)	298,409	50,092	(384,268)	(924,609)	(2,182,646)	(4,169,036)	(289,995)
Other Financing Sources (Uses)										
Proceeds from long-term debt	-	-	2,411,641	-	-	-	-	-	1,045,000	755,000
Premium on issuance of debt	-	-	-	-	-	-	-	-	45,554	19,237
Payments to refunded bond escrow agent	-	-	(2,190,889)	-	-	-	-	-	-	-
Proceeds from capital lease	-	-	313,315	-	-	-	-	227,500	-	-
Proceeds from sale of capital assets	7,444	6,516	-	130,951	2,124	17,491	15,560	13,836	4,825	51,366
Transfers in	-	-	-	500,000	-	78,466	126,018	113,486	61,900	7,500
Total other financing sources	7,444	6,516	534,067	630,951	2,124	95,957	141,578	354,822	1,157,279	833,103
Net change in fund balances	$ (513,677)	$ 221,597	$ 467,050	$ 929,360	$ 52,216	$ (288,311)	$ (783,031)	$(1,827,824)	$(3,011,757)	$ 543,108
Debt service as a percentage of noncapital expenditures	7.50%	7.58%	7.21%	6.49%	6.33%	6.19%	6.07%	5.53%	5.47%	5.20%

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
2015	$ 458,804,800	$45,024,930	$ 6,934,930	$17,364,350	$ 42,930	$528,171,940	$ 0.06	$ 528,171,940	100%
2014	455,632,200	45,223,230	6,882,820	13,713,107	45,720	521,497,077	0.06	521,497,077	100
2013	456,795,100	43,698,440	7,310,490	14,385,245	47,520	522,236,795	0.06	522,236,795	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

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

	Fiscal Year 2015			Fiscal Year 2006		
Customer	Revenue	Rank	Percentage of Total Town Revenue	Revenue	Rank	Percentage of Total Town Revenue
Precision Fabrics Group, Inc.	$ 191,920	1	5.88%	$ 160,955	1	8.74%
Aramark	129,481	2	3.97	59,279	2	3.22
Cardinal Glass	110,933	3	3.58	33,086	3	1.80
The Berkshire	63,940	4	1.96	22,352	4	1.21
Blue Ridge Manor Apartments	44,825	5	1.37	19,919	5	1.08
Clearview Manor	28,273	6	0.87	12,358	7	0.67
Roanoke County Schools	27,247	7	0.84	17,554	6	0.95
RGM	20,121	8	0.62	9,858	9	0.54
Richard Dickerson/RL Mansard Sq	19,153	9	0.59	10,344	8	0.56
F & W Management	18,001	10	0.55	685	10	0.04
	$ 653,894			$ 346,390		

Source: Town of Vinton Finance Department
1) FY 2015 % was based on total water and sewer revenue of $3,262,352
2) FY 2006 % was based on total water and sewer revenue of $1,841,667

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
2015	$ 736,979	$ 650,501	88.27%	$ -	$ 650,501	88.27%
2014	645,360	610,294	94.57	12,010	610,294	94.57
2013	635,711	598,141	94.09	13,626	611,767	96.23
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

Source: Detailed Town property tax records.
Note: The Town increased the real estate tax rate from $0.03 to $0.07 in 2015

TABLE 8

TOWN OF VINTON, VIRGINIA

WATER AND SEWER RATES
Last Ten Fiscal Years

Fiscal Year	Residential [1] First 3,000 Gallons or Less Water	Residential [1] First 3,000 Gallons or Less Sewer	Commercial [2] First 1,500 Gallons or Less Water	Commercial [2] First 1,500 Gallons or Less Sewer
2015	$ 18.85	$ 27.68	$ 9.43	$ 13.84
2014	17.31	25.42	8.66	12.71
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

Note: Minimum charge for water and sewer resiential and commerical 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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	$ 52,817,194	$ 52,149,708	$ 51,809,508	$ 53,226,564	$ 53,536,292	$ 53,425,780	$ 53,274,769	$ 44,792,630	$ 42,981,740	$ 40,042,300
Total net debt applicable to limit	8,344,738	8,959,814	10,118,536	7,125,222	7,103,808	7,548,025	7,978,160	8,394,491	8,753,625	7,140,228
Legal debt margin	$ 44,472,456	$ 43,189,894	$ 41,690,972	$ 46,101,342	$ 46,432,484	$ 45,877,755	$ 45,296,609	$ 36,398,139	$ 34,228,115	$ 32,902,072
Total net debt applicable to the limit as a percentage of debt limit	15.80%	17.18%	19.53%	13.39%	13.27%	14.13%	14.98%	18.74%	20.37%	17.83%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	$ 528,171,940
Debt limit (10% of assessed value)	$ 52,817,194
Less debt applicable to limit:	
General obligation bonds	8,344,738
Legal debt margin	$ 44,472,456

Note: Assessed value of property can be found in Table 5.

TOWN OF VINTON, VIRGINIA

TABLE 10

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities					Business Type Activities			
Fiscal Year	General Obligation Bonds[1]	Revenue Bonds[1]	Capital Leases	Obligations Payable	Total	General Obligation Bonds[1]	Revenue Bonds[1]	Obligations Payable	Total
2015	$ 3,488,651	$ -	$ 159,415	$ 385,080	$ 4,033,146	$ 4,892,861	$ 2,150,851	$ 294,516	$ 7,338,228
2014	3,724,405	-	209,262	442,548	4,376,215	5,235,409	2,225,000	-	7,460,409
2013	3,993,409	-	257,549	425,000	4,675,958	6,125,127	2,340,000	-	8,465,127
2012	2,700,000	1,360,000	-	475,000	4,535,000	3,950,222	2,450,000	-	6,400,222
2011	2,845,000	1,435,000	47,595	-	4,327,595	4,258,808	2,555,000	-	6,813,808
2010	2,990,000	1,505,000	93,096	-	4,588,096	4,558,026	2,655,000	-	7,213,026
2009	3,130,000	1,575,000	136,595	-	4,841,595	4,848,160	2,750,000	-	7,598,160
2008	3,265,000	1,640,000	178,180	-	5,083,180	5,129,491	2,750,000	-	7,879,491
2007	3,360,000	1,700,000	4,084	-	5,064,084	5,393,625	-	-	5,393,625
2006	2,410,000	1,735,000	28,105	-	4,173,105	4,730,228	-	-	4,730,228

Fiscal Year	Total Primary Government	Total Taxable Assessed Value	Percentage of Estimated Actual Value of Taxable Property	Populatation	Bonded Debt Per Capita	Per Capita Personal Income	Percentage of Bonded Debt Per Capita to Per Capita Personal Income
2015	$ 11,371,374	$ 528,171,940	2.15%	8,151	$ 1,395	$ 43,418	3.21%
2014	11,836,624	521,497,080	2.27	8,151	1,452	42,288	3.43
2013	13,141,085	518,095,080	2.54	8,092	1,624	40,688	3.99
2012	10,935,222	532,265,640	2.05	8,130	1,345	39,866	3.37
2011	11,141,403	535,362,920	2.08	8,098	1,376	39,315	3.50
2010	11,801,122	534,257,800	2.21	7,814	1,510	39,315	3.84
2009	12,439,755	532,747,690	2.34	7,876	1,579	39,315	4.02
2008	12,962,671	447,926,300	2.89	7,905	1,640	41,019	4.00
2007	10,457,709	429,817,400	2.43	7,922	1,320	37,324	3.54
2006	8,903,333	400,423,000	2.22	7,782	1,144	35,978	3.18

Note: Assessed value of property can be found in Table 5.
Note: Population and Personal Income can be found in Table 12.
[1] Includes bond premiums

TABLE 11

TOWN OF VINTON, VIRGINIA

PLEDGED REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Less: Operating Expenses (1)	Net Available Revenue	Debt Service Principal (2)	Debt Service Interest	Coverage
2015	$ 3,447,765	$ 2,115,736	$ 1,332,029	$ 462,548	$ 205,509	1.99
2014	3,263,413	2,261,529	1,001,884	504,718	256,920	1.32
2013	3,016,909	2,129,633	887,276	428,247	215,281	1.38
2012	3,041,715	2,187,683	854,032	413,586	232,992	1.32
2011	2,948,965	2,140,766	808,199	399,218	225,689	1.29
2010	2,741,776	2,361,718	380,058	385,135	195,038	0.66
2009	2,873,100	2,312,595	560,505	281,331	213,792	1.13
2008	2,621,349	2,321,983	299,366	272,788	222,032	0.60
2007	2,536,072	2,257,517	278,555	150,660	172,534	0.86
2006	2,272,898	1,848,989	423,909	123,952	94,285	1.94

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

(1) Excluding depreciation, interest, and amortization
(2) Excluding refunded principal payments

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)
2015	8,151	$ 5,159,100	$ 43,418	14,384	4.50%
2014	8,151	4,984,547	42,288	14,333	5.50
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

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 2015 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

	Fiscal Year 2015			Fiscal Year 2006		
Employer	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Precision Fabrics Group, Inc.	200	1	2.45%	341	1	4.38%
Berkshire	198	2	2.43	190	3	2.44
Kroger	180	3	2.21	159	4	2.04
Roanoke County Schools (Vinton)	146	4	1.79	171	2	2.20
McDonalds	98	5	1.20	N/A	N/A	N/A
Town of Vinton	84	6	1.03	89	6	1.14
Aramark Uniform Services	72	7	0.88	120	5	1.54
Lancerlot	50	8	0.61	N/A	N/A	N/A
Woods Service Center	40	9	0.49	N/A	N/A	N/A
Carilion Clinic Family Medicine	36	10	0.44	N/A	N/A	N/A
	1,104		13.53	1,070		13.74

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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Management services	4	4	4	4	4	4	4	3	4	4
Finance	6	6	6	6	5	5	5	5	5	5
Planning	3	3	3	3	3	3	3	3	3	3
Police										
Officers	22	24	24	24	25	24	24	24	25	21
Civilians	2	2	2	2	2	10	10	10	7	11
Fire										
Firefighters and officers	11	10	9	9	9	9	9	9	9	9
Other public works	31	32	32	32	34	33	33	32	34	31
Parks, recreation, and cultural	2	3	3	3	3	3	3	2	2	5
Total	81	84	83	83	85	91	91	88	89	89

Source: Town of Vinton Finance Department

TABLE 15

TOWN OF VINTON, VIRGINIA

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Fleet equipment	133	133	117	117	117	117	117	62	62	60
Pieces of equipment maintained	133	133	117	117	117	117	117	62	62	60
Public safety:										
Police										
Arrests	507	578	582	667	546	531	658	598	504	600
Parking violations	52	64	48	56	82	139	84	62	16	135
Traffic violations	1,143	1,603	1,408	1,734	1,933	2,431	3,088	3,034	3,087	2,743
EMS										
Emergency responses	2,615	2,735	2,654	2,872	2,319	2,219	2,369	2,397	2,459	1,536
Fire										
Emergency responses	278	623	306	677	514	476	764	1,038	673	1,900
Public works										
Refuse collection										
Refuse collected (tons per day)	12.55	12.78	12.92	12.75	12.70	14.00	15.90	18.10	19.00	17.30
Recyclables collected (tons per day)	0.65	0.70	0.68	2.00	2.00	1.60	1.60	1.70	1.30	1.80
Other public works										
Street resurfacing (miles)	-	1.30	2.17	1.80	1.80	1.90	3.50	11.10	-	-
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	Closed	Closed	20,000	20,000	20,000	20,000
4th of July	5,000	5,000	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	Closed	Closed	5,000	5,000	5,000	5,000	5,000
Vinton Fall Festival (Co-Sponsor Chamber of Commerce)	9,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Water										
Number of customer accounts	5,074	5,085	5,071	5,051	5,044	5,040	5,022	4,985	4,984	4,916
Miles of distribution lines	61	61	61	61	61	61	61	60	60	56
Volume pumped (million gallons per day average)	1.23	1.14	1.21	1.23	1.26	1.47	1.04	1.29	1.26	1.30
Sewer										
Number of customer accounts	4,639	4,642	4,636	4,607	4,610	4,609	4,600	4,571	4,573	4,511
Miles of collection lines	60	60	60	60	60	60	60	59	57	54
Waste/Water treated (million gallons per day)	1.19	0.92	0.96	0.99	1.09	1.27	1.04	1.24	1.20	1.20

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.

Source: Various Town of Vinton Departments

TABLE 16

TOWN OF VINTON, VIRGINIA

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function/Program										
Public safety										
Law enforcement vehicles	26	25	25	26	27	27	29	27	19	20
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works										
Primary streets (lane miles)	21.62	21.66	21.62	21.62	21.62	21.62	21.62	21.62	18.28	18.78
Secondary streets (lane miles)	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32	68.78	65.96
Streetlights	502	500	500	500	500	500	500	500	500	500
Parks, recreation, and cultural										
Community centers										
Vinton Senior Program (No. of Events/Attendance)	240/3990	223/3,965	253/3775	231/4033	174/3396	1/18	240/4236	180/3600	180/3600	180/3600
Charles R. Hill Center (Rentals)	291	289	437	299	218	295	351	205	257	227
Skate Park	Closed	Closed	Closed	Closed	Closed	Closed	Closed	2,400	2,400	2,400
Vinton War Memorial	235	282	301	200	202	271	277	151	-	-
Parks/athletic fields										
Gearhart Park (TOV owned-Leased to Rke County)	N/A	N/A	N/A	N/A	N/A	N/A	37/3000	N/A	N/A	N/A
Jaycee Field (Seasonal ballgames)	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
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	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	6,000	6,000	5,000	6,000
Vinton Municipal Pool	7,977	8,458	10,562	10,176	12,246	11,270	11,000	11,000	7,100	7,147
Water and sewer										
Water mains (miles)	61	61	61	61	61	61	61	60	60	56
Sanitary sewers (miles)	60	60	60	60	60	60	60	59	59	54
Stormwater										
Storm sewers (miles)	12	12	12	12	12	12	12	12	12	11
Signalized Street Intersections										
Traffic Signals (each)	11	11	11	11	11	11	11	11	11	11

Source: Town of Vinton Finance Department

COMPLIANCE SECTION

BROWNEDWARDS
certified public accountants

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, Virginia (the "Town"), as of and for the year ended June 30, 2015, 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 9, 2015.

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 a certain deficiency in internal control that we consider to be a material weakness.**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. **We consider the deficiency described in the accompanying schedule of findings and responses as item 07-1 to be a material weakness.**

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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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.***

Town of Vinton's Responses to Findings

The Town of Vinton'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 them.

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 9, 2015

TOWN OF VINTON, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS
June 30, 2015

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, 2015

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.

B. FINDINGS – COMMONWEALTH OF VIRGINIA

15-1: Budget Appropriations

Condition:

After audit adjustments, expenditures exceeded budgeted appropriations in the debt service category.

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 2015 and additional budget appropriations were approved for known expenditures at that time.