

TOWN OF CREWE, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

**To the Honorable Members of the Town Council
Town of Crewe
Crewe, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Crewe, Virginia, as of and for the year ended June 30, 2016, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Crewe, Virginia, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2016, the Town adopted new accounting guidance, GASB Statement Nos. 72 Fair Value Measurement and Application, 79 Certain External Investment Pools and Pool Participants, 82 Pension Issues - and amendment of GASB Statements No. 67, No. 68, and No. 73. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedule related to pension funding on pages 55-58 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Crewe, Virginia's basic financial statements. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Other Information (continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2017, on our consideration of Town of Crewe, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Crewe, Virginia's internal control over financial reporting and compliance.

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Richmond, Virginia
March 8, 2017

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Town of Crewe, Virginia
Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	
ASSETS			
Cash and cash equivalents	\$ 1,475,923	\$ 781,924	\$ 2,257,847
Receivables (net of allowance for uncollectibles):			
Taxes receivable	59,340	-	59,340
Accounts receivable	74,866	258,968	333,834
Notes receivable	13,525	-	13,525
Interest receivable	-	29	29
Due from other governmental unit	110,489	260,151	370,640
Net pension asset	44,519	30,938	75,457
Capital assets:			
Land	67,628	3,678	71,306
Buildings and improvements	598,733	-	598,733
Utility plant in service	-	12,254,728	12,254,728
Machinery and equipment	1,126,460	291,428	1,417,888
Accumulated depreciation	(1,320,648)	(2,972,027)	(4,292,675)
Total assets	<u>\$ 2,250,835</u>	<u>\$ 10,909,817</u>	<u>\$ 13,160,652</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 27,286	\$ 18,962	\$ 46,248
Items related to measurement of net pension liability (asset)	16,486	11,456	27,942
Total deferred outflow of resources	<u>\$ 43,772</u>	<u>\$ 30,418</u>	<u>\$ 74,190</u>
LIABILITIES			
Accounts payable	\$ 44,285	\$ 330,174	\$ 374,459
Customers' deposits	-	96,069	96,069
Accrued interest payable	-	17,596	17,596
Long-term liabilities:			
Due within one year	38,814	260,925	299,739
Due in more than one year	149,452	6,207,454	6,356,906
Total liabilities	<u>\$ 232,551</u>	<u>\$ 6,912,218</u>	<u>\$ 7,144,769</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 1,112	\$ -	\$ 1,112
Items related to measurement of net pension liability (asset)	40,011	27,804	67,815
Total deferred inflows of resources	<u>\$ 41,123</u>	<u>\$ 27,804</u>	<u>\$ 68,927</u>
NET POSITION			
Net investment in capital assets	\$ 336,801	\$ 3,123,959	\$ 3,460,760
Unrestricted	1,684,132	876,254	2,560,386
Total net position	<u>\$ 2,020,933</u>	<u>\$ 4,000,213</u>	<u>\$ 6,021,146</u>

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

Town of Crewe, Virginia
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 535,113	\$ -	\$ -	\$ (535,113)	\$ -	\$ (535,113)
Public safety	487,712	22,411	59,724	(405,577)	-	(405,577)
Public works	523,457	285,564	7,850	(230,043)	-	(230,043)
Health and welfare	824	-	-	(824)	-	(824)
Parks, recreation, and cultural	56,203	-	-	(56,203)	-	(56,203)
Community development	20,278	-	253,920	233,642	-	233,642
Interest on long-term debt	4,712	-	-	(4,712)	-	(4,712)
Total governmental activities	\$ 1,628,299	\$ 307,975	\$ 321,494	\$ (998,830)	\$ -	\$ (998,830)
Business-type activities:						
Water Fund	\$ 752,075	\$ 819,615	\$ 22,717	\$ -	\$ 90,257	\$ 90,257
Sewer Fund	776,905	731,577	1,705,656	-	1,660,328	1,660,328
Total business-type activities	\$ 1,528,980	\$ 1,551,192	\$ 1,728,373	\$ -	\$ 1,750,585	\$ 1,750,585
Total primary government	\$ 3,157,279	\$ 1,859,167	\$ 2,049,867	\$ (998,830)	\$ 1,750,585	\$ 751,755
General revenues:						
General property taxes				\$ 461,717	\$ -	\$ 461,717
Other local taxes:						
Local sales and use tax				150,501	-	150,501
Consumer's utility tax				74,616	-	74,616
Restaurant food tax				234,245	-	234,245
Business licenses				50,444	-	50,444
Bank stock tax				59,012	-	59,012
Other local taxes				45,585	-	45,585
Unrestricted revenues from use of money and property				23,518	327	23,845
Miscellaneous				21,119	38,591	59,710
Grants and contributions not restricted to specific programs				130,360	-	130,360
Transfers				(72,774)	72,774	-
Total general revenues and transfers				\$ 1,178,343	\$ 111,692	\$ 1,290,035
Change in net position				\$ 179,513	\$ 1,862,277	\$ 2,041,790
Net position - beginning				1,841,420	2,137,936	3,979,356
Net position - ending				\$ 2,020,933	\$ 4,000,213	\$ 6,021,146

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

FUND FINANCIAL STATEMENTS

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Town of Crewe, Virginia
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 1,475,923
Receivables (net of allowance for uncollectibles):	
Taxes receivable	59,340
Accounts receivable	74,866
Notes receivable	13,525
Due from other governmental units	110,489
Total assets	<u>\$ 1,734,143</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	
Liabilities:	
Accounts payable	\$ 44,285
Total liabilities	<u>\$ 44,285</u>
Deferred inflows of resources:	
Unavailable revenue - property taxes	\$ 58,168
Total deferred inflows of resources	<u>\$ 58,168</u>
Fund balances:	
Unassigned	\$ 1,631,690
Total fund balances	<u>\$ 1,631,690</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,734,143</u>

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

Town of Crewe, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 1,631,690	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			472,173
The net pension asset is not an available resource and, therefore, is not reported in the funds.			44,519
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:			
Unavailable property taxes	\$ 57,056		
Items related to measurement of net pension liability (asset)	(40,011)	17,045	
Pension contributions subsequent to the measurement date will be a reduction to/increase in the net pension liability/asset in the next fiscal year and, therefore, are not reported in the funds.			27,286
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:			
Notes payable	\$ (103,416)		
Capital lease	(31,956)		
Adjustment for changes in proportionate share of net pension liability	16,486		
Compensated absences	(52,894)	(171,780)	
Net position of governmental activities			<u>\$ 2,020,933</u>

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

Town of Crewe, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 467,150	\$ -	\$ 467,150
Other local taxes	614,403	-	614,403
Fines and forfeitures	22,411	-	22,411
Revenue from the use of money and property	23,518	-	23,518
Charges for services	285,564	-	285,564
Miscellaneous	21,119	-	21,119
Recovered costs	43,395	-	43,395
Intergovernmental:			
Commonwealth	189,284	-	189,284
Federal	262,570	-	262,570
Total revenues	<u>\$ 1,929,414</u>	<u>\$ -</u>	<u>\$ 1,929,414</u>
EXPENDITURES			
Current:			
General government administration	\$ 537,601	\$ -	\$ 537,601
Public safety	535,583	-	535,583
Public works	545,215	-	545,215
Health and welfare	824	-	824
Parks, recreation, and cultural	19,333	-	19,333
Community development	20,278	-	20,278
Debt service:			
Principal retirement	42,656	-	42,656
Interest and other fiscal charges	4,712	-	4,712
Total expenditures	<u>\$ 1,706,202</u>	<u>\$ -</u>	<u>\$ 1,706,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 223,212</u>	<u>\$ -</u>	<u>\$ 223,212</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 924	\$ -	\$ 924
Transfers out	(72,774)	(924)	(73,698)
Total other financing sources (uses)	<u>\$ (71,850)</u>	<u>\$ (924)</u>	<u>\$ (72,774)</u>
Net change in fund balances	\$ 151,362	\$ (924)	\$ 150,438
Fund balances - beginning	1,480,328	924	1,481,252
Fund balances - ending	<u>\$ 1,631,690</u>	<u>\$ -</u>	<u>\$ 1,631,690</u>

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

Town of Crewe, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$	150,438
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 74,398	
Depreciation expense	<u>(107,714)</u>	(33,316)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase(decrease) in unavailable property taxes	\$ (5,433)	
Increase (decrease) in deferred inflows of resources related to the measurement of the net pension liability/asset	<u>52,199</u>	46,766

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. A summary of items supporting this adjustment is as follows:

Principal retirement on capital lease	\$ 28,114	
Principal retirement on notes payable	<u>14,542</u>	42,656

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Increase (decrease) in net pension asset	\$ (43,215)	
Decrease (increase) in deferred outflows of resources related to pension payments subsequent to the measurement date	141	
Increase (decrease) in deferred outflows related to measurement of net pension liability	16,486	
Decrease (increase) in compensated absences	<u>(443)</u>	(27,031)

Change in net position of governmental activities	\$	<u>179,513</u>
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The notes to financial statements are an integral part of this statement.

Town of Crewe, Virginia
Statement of Net Position
Proprietary Fund
June 30, 2016

	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 398,802	\$ 383,122	\$ 781,924
Interest receivable	-	29	29
Accounts receivable	132,838	126,130	258,968
Due from other governmental units	-	260,151	260,151
Total current assets	<u>\$ 531,640</u>	<u>\$ 769,432</u>	<u>\$ 1,301,072</u>
Noncurrent assets:			
Net pension asset	\$ 16,601	\$ 14,337	\$ 30,938
Capital assets:			
Land	3,678	-	3,678
Utility plant in service	368,506	11,886,222	12,254,728
Machinery and equipment	110,095	181,333	291,428
Accumulated depreciation	(162,356)	(2,809,671)	(2,972,027)
Total capital assets	<u>\$ 319,923</u>	<u>\$ 9,257,884</u>	<u>\$ 9,577,807</u>
Total noncurrent assets	<u>\$ 336,524</u>	<u>\$ 9,272,221</u>	<u>\$ 9,608,745</u>
Total assets	<u>\$ 868,164</u>	<u>\$ 10,041,653</u>	<u>\$ 10,909,817</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 10,175	\$ 8,787	\$ 18,962
Items related to measurement of net pension asset	6,147	5,309	11,456
Total deferred outflows of resources	<u>\$ 16,322</u>	<u>\$ 14,096</u>	<u>\$ 30,418</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 29,480	\$ 300,694	\$ 330,174
Accrued interest payable	5,309	12,287	17,596
Deposits held for customers	96,069	-	96,069
Bonds and note payable - current portion	9,300	250,172	259,472
Compensated absences - current portion	792	661	1,453
Total current liabilities	<u>\$ 140,950</u>	<u>\$ 563,814</u>	<u>\$ 704,764</u>
Noncurrent liabilities:			
Bonds and note payable - net of current portion	\$ 260,400	\$ 5,933,976	\$ 6,194,376
Compensated absences - net of current portion	7,132	5,946	13,078
Total noncurrent liabilities	<u>\$ 267,532</u>	<u>\$ 5,939,922</u>	<u>\$ 6,207,454</u>
Total liabilities	<u>\$ 408,482</u>	<u>\$ 6,503,736</u>	<u>\$ 6,912,218</u>
DEFERRED INFLOWS OF RESOURCES			
Items related to measurement of net pension asset	\$ 14,919	\$ 12,885	\$ 27,804
Total deferred inflows of resources	<u>\$ 14,919</u>	<u>\$ 12,885</u>	<u>\$ 27,804</u>
NET POSITION			
Net investment in capital assets	\$ 50,223	\$ 3,073,736	\$ 3,123,959
Unrestricted	410,862	465,392	876,254
Total net position	<u>\$ 461,085</u>	<u>\$ 3,539,128</u>	<u>\$ 4,000,213</u>

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

Town of Crewe, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2016

	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water and sewer revenues	\$ 791,332	\$ 731,577	\$ 1,522,909
Penalties	28,283	-	28,283
Total operating revenues	<u>\$ 819,615</u>	<u>\$ 731,577</u>	<u>\$ 1,551,192</u>
OPERATING EXPENSES			
Personnel services	\$ 229,886	\$ 197,307	\$ 427,193
Fringe benefits	93,127	79,492	172,619
Contractual services	54,686	35,782	90,468
Other supplies and expenses	338,288	186,637	524,925
Depreciation	24,422	240,479	264,901
Total operating expenses	<u>\$ 740,409</u>	<u>\$ 739,697</u>	<u>\$ 1,480,106</u>
Operating income (loss)	<u>\$ 79,206</u>	<u>\$ (8,120)</u>	<u>\$ 71,086</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 149	\$ 178	\$ 327
Connection/reconnection fees	36,191	2,400	38,591
Water system planning grant	15,000	-	15,000
Rural development grant	-	1,442,308	1,442,308
VRA interest forgiveness	-	263,348	263,348
Water deposits	7,717	-	7,717
Interest and fiscal charges	(11,666)	(37,208)	(48,874)
Total nonoperating revenues (expenses)	<u>\$ 47,391</u>	<u>\$ 1,671,026</u>	<u>\$ 1,718,417</u>
Income (loss) before transfers	<u>\$ 126,597</u>	<u>\$ 1,662,906</u>	<u>\$ 1,789,503</u>
TRANSFERS			
Transfers in	-	84,718	84,718
Transfers out	(11,944)	-	(11,944)
Change in net position	<u>\$ 114,653</u>	<u>\$ 1,747,624</u>	<u>\$ 1,862,277</u>
Total net position - beginning	346,432	1,791,504	2,137,936
Total net position - ending	<u><u>\$ 461,085</u></u>	<u><u>\$ 3,539,128</u></u>	<u><u>\$ 4,000,213</u></u>

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

Town of Crewe, Virginia
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2016

	Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 815,598	\$ 740,685	\$ 1,556,283
Payments for operating expenses	(394,902)	(484,224)	(879,126)
Payments to/for employees	(331,168)	(287,735)	(618,903)
Net cash provided by (used for) operating activities	\$ 89,528	\$ (31,274)	\$ 58,254
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (11,944)	\$ -	\$ (11,944)
Transfers from other funds	-	84,718	84,718
Fees and deposits	9,598	-	9,598
Net cash provided by (used for) noncapital financing activities	\$ (2,346)	\$ 84,718	\$ 82,372
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Additions to utility plant	\$ -	\$ (2,698,163)	\$ (2,698,163)
Proceeds from general obligation bond	-	1,032,346	1,032,346
Principal payments on bonds and notes payable	(7,750)	(239,153)	(246,903)
Connection fees	36,191	2,400	38,591
Grants	30,000	1,888,867	1,918,867
Interest payments	(11,737)	(48,531)	(60,268)
Net cash provided by (used for) capital and related financing activities	\$ 46,704	\$ (62,234)	\$ (15,530)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 149	\$ 178	\$ 327
Net cash provided by (used for) investing activities	\$ 149	\$ 178	\$ 327
Net increase (decrease) in cash and cash equivalents	\$ 134,035	\$ (8,612)	\$ 125,423
Cash and cash equivalents - beginning	264,767	391,734	656,501
Cash and cash equivalents - ending	\$ 398,802	\$ 383,122	\$ 781,924
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 79,206	\$ (8,120)	\$ 71,086
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 24,422	\$ 240,479	\$ 264,901
(Increase) decrease in accounts receivable	(4,017)	9,108	5,091
(Increase) decrease in net pension asset	16,114	13,917	30,031
(Increase) decrease in deferred outflows of resources	(5,836)	(6,442)	(12,278)
Increase (decrease) in accounts payable	(1,928)	(261,805)	(263,733)
Increase (decrease) in deferred inflows of resources	(19,464)	(16,810)	(36,274)
Increase (decrease) in compensated absences	1,031	(1,601)	(570)
Total adjustments	\$ 10,322	\$ (23,154)	\$ (12,832)
Net cash provided by (used for) operating activities	\$ 89,528	\$ (31,274)	\$ 58,254

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

Town of Crewe, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Cemetery Private Purpose Trust Fund
ASSETS	
Cash and cash equivalents	\$ 211,118
Total assets	<u>\$ 211,118</u>
LIABILITIES	
Accounts payable	\$ 258
Total liabilities	<u>\$ 258</u>
NET POSITION	
Held for cemetery perpetual care	<u>\$ 210,860</u>

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

Town of Crewe, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2016

	Cemetery Private Purpose Trust Fund
ADDITIONS	
Contributions:	
Sale of cemetery lots	\$ 5,725
Total contributions	<u>\$ 5,725</u>
Investment income:	
Interest	\$ 967
Total investment income	<u>\$ 967</u>
Total additions	<u>\$ 6,692</u>
DEDUCTIONS	
Site work at cemetery	<u>\$ 3,054</u>
Change in net position	\$ 3,638
Net position - beginning	207,222
Net position - ending	<u><u>\$ 210,860</u></u>

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

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TOWN OF CREWE, VIRGINIA

Notes to Financial Statements June 30, 2016

Note 1—Summary of Significant Accounting Policies:

Town of Crewe, Virginia (the "Town") is governed by an elected eight member Council. The Town provides a full range of services for its citizens. These services include police and fire protection; sanitation services, and utilities.

The financial statements of the Town have been prepared in conformity with the specifications promulgated by the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board, and the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the Town's accounting policies are described below.

Financial Statement Presentation - The Town's financial report is prepared in accordance with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is not included herein as required.

Government-wide and Fund Financial Statements

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

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

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

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

Notes to Financial Statements (Continued)
June 30, 2016

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the government's original budget, and a comparison of final budget and actual results.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Units. The Town has no blended component units at June 30, 2016.

Discretely Presented Component Units. The Town has no discretely presented component units at June 30, 2016.

Notes to Financial Statements (Continued)
June 30, 2016

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

Notes to Financial Statements (Continued)
June 30, 2016

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the Town.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the General Fund as a major governmental fund.

a. General Fund

The General Fund is the primary operating fund of the Town. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

b. Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Forfeited Asset Fund is considered a Special Revenue Fund.

2. Proprietary Funds

Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

a. Enterprise Funds

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Water Fund and Sewer Fund.

Notes to Financial Statements (Continued)
June 30, 2016

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

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

3. Fiduciary Funds - (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include Trust funds, which consist of Cemetery Private Purpose Trust Fund and Agency Funds, which consist of the Homecoming Committee Fund. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Agency funds have no measurement focus. Fiduciary funds are not included in the government-wide financial statements.

D. Cash and Cash Equivalents

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

E. Investments

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

F. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds” (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide statements as “internal balances.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$35,022 at June 30, 2016 and is comprised solely of property taxes.

Notes to Financial Statements (Continued)
June 30, 2016

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

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The Town bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, and equipment with an initial individual cost of more than \$5,000 (with the exception of land values) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest for the year June 30, 2016 was \$37,101.

Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Machinery and Equipment	5-10
Infrastructure	20-40

Notes to Financial Statements (Continued)
June 30, 2016

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

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

L. Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

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 Town's Retirement Plan and the additions to/deductions from the Town'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.

Notes to Financial Statements (Continued)
June 30, 2016

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

N. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Fund Equity

The Town reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Notes to Financial Statements (Continued)
June 30, 2016

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

O. Fund Equity (continued)

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

	<u>General</u>
Fund balances:	
Unassigned	\$ 1,631,690
Total fund balances	<u><u>\$ 1,631,690</u></u>

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability. These include differences between expected and actual experience, change in assumptions, the net difference between projected and actual earnings on pension plan investments and contributions to the pension plan made during the current year and subsequent to the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability are reported as deferred inflows of resources. These include differences between expected and actual experience, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

Notes to Financial Statements (Continued)
June 30, 2016

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

Q. Adoption of Accounting Principles:

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*

The Town implemented the provisions of the above Statement during the fiscal year ended June 30, 2016. The Statement generally requires investments to be measured at fair value. The Statement requires the Town to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. The Statement establishes a hierarchy of inputs used to measure fair value. There was no material impact on the Town's financial statement as a result of the implementation of Statement No. 72.

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

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

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

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

Note 2—Stewardship, Compliance, and Accounting:

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

1. Prior to March 30th, the Mayor submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2016

Note 2—Stewardship, Compliance, and Accounting: (Continued)

2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all Town units.

Expenditures and Appropriations

General Fund expenditures exceeded appropriations for the fiscal year ended June 30, 2016.

Note 3—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 amounts insured by FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize 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, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP).

At June 30, 2016, the Town had no investments.

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 4—Due to/from Other Governments:

At June 30, 2016, the Town has amounts due from other governments as follows:

	<u>Primary Government</u>
Other Local Governments:	
County of Nottoway	\$ 28,103
Commonwealth of Virginia:	
Auto rental tax	165
Rolling stock tax	34,116
Communications tax	6,702
Aviation grants	1,900
Federal Government:	
Community development block grant	<u>39,503</u>
Total due from other governments	<u>\$ 110,489</u>

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TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
<i>Primary Government:</i>				
Governmental activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 67,628	\$ -	\$ -	\$ 67,628
Capital assets subject to depreciation:				
Buildings and improvements	\$ 598,733	\$ -	\$ -	\$ 598,733
Machinery and equipment	1,065,267	74,398	13,205	1,126,460
Total capital assets subject to depreciation	\$ 1,664,000	\$ 74,398	\$ 13,205	\$ 1,725,193
Accumulated depreciation:				
Buildings and improvements	\$ 387,849	\$ 18,780	\$ -	\$ 406,629
Machinery and equipment	838,290	88,934	13,205	914,019
Total accumulated depreciation	\$ 1,226,139	\$ 107,714	\$ 13,205	\$ 1,320,648
Total capital assets subject to depreciation, net	\$ 437,861	\$ (33,316)	\$ -	\$ 404,545
Governmental activities capital assets, net	\$ 505,489	\$ (33,316)	\$ -	\$ 472,173

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TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 5—Capital Assets: (Continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Business-type activities:				
Capital assets not subject to depreciation:				
Land and land improvements	\$ 3,678	\$ -	\$ -	\$ 3,678
Construction in progress	2,582,883	2,698,163	5,281,046	-
Total capital assets not subject to depreciation	<u>\$ 2,586,561</u>	<u>\$ 2,698,163</u>	<u>\$ 5,281,046</u>	<u>\$ 3,678</u>
Capital assets subject to depreciation:				
Utility plant in service	\$ 6,973,682	\$ 5,281,046	\$ -	\$ 12,254,728
Vehicles and equipment	291,428	-	-	291,428
Total capital assets subject to depreciation	<u>\$ 7,265,110</u>	<u>\$ 5,281,046</u>	<u>\$ -</u>	<u>\$ 12,546,156</u>
Accumulated depreciation:				
Utility plant in service	\$ 2,513,309	\$ 241,560	\$ -	\$ 2,754,869
Vehicles and equipment	193,817	23,341	-	217,158
Total accumulated depreciation	<u>\$ 2,707,126</u>	<u>\$ 264,901</u>	<u>\$ -</u>	<u>\$ 2,972,027</u>
Total capital assets subject to depreciation, net	<u>\$ 4,557,984</u>	<u>\$ 5,016,145</u>	<u>\$ -</u>	<u>\$ 9,574,129</u>
Business-type activities capital assets, net	<u>\$ 7,144,545</u>	<u>\$ 7,714,308</u>	<u>\$ 5,281,046</u>	<u>\$ 9,577,807</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 1,087
Public safety	31,024
Public works	34,733
Parks, recreation and cultural	<u>40,870</u>
Total depreciation expense - governmental activities	<u>\$ 107,714</u>
Business-type activities:	
Water and Sewer fund	<u>\$ 264,901</u>
Total depreciation expense - primary government	<u>\$ 372,615</u>

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 6—Long-term Obligations:

The following is a summary of long-term debt transactions for the year ended June 30, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
Primary Government Obligations:					
Governmental Activities Obligations:					
Compensated absences	\$ 52,451	\$ 5,688	\$ 5,245	\$ 52,894	\$ 5,289
Capital lease	60,070	-	28,114	31,956	19,075
Notes payable	117,958	-	14,542	103,416	14,450
Total Governmental Activities Obligations	\$ 230,479	\$ 5,688	\$ 47,901	\$ 188,266	\$ 38,814
Business-type Activities Obligations:					
Compensated absences	\$ 15,101	\$ 940	\$ 1,510	\$ 14,531	\$ 1,453
General obligation bonds	5,668,405	1,032,346	246,903	6,453,848	259,472
Total Business-type Activities Obligations	\$ 5,683,506	\$ 1,033,286	\$ 248,413	\$ 6,468,379	\$ 260,925
Total Primary Government Obligations	\$ 5,913,985	\$ 1,038,974	\$ 296,314	\$ 6,656,645	\$ 299,739

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TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 6—Long-term Obligations: (Continued)

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

Year Ending June 30,	Governmental Activities Obligations				Business-type Activities Obligations	
	Capital Lease		Notes Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 19,075	\$ 431	\$ 14,450	\$ 3,802	\$ 259,472	\$ 84,271
2018	12,881	90	14,998	3,254	260,438	82,104
2019	-	-	38,012	1,478	261,435	79,908
2020	-	-	10,326	965	262,462	77,680
2021	-	-	9,425	667	268,521	75,321
2022	-	-	9,724	368	269,613	72,829
2023	-	-	6,481	75	270,740	70,259
2024	-	-	-	-	276,902	67,503
2025	-	-	-	-	278,100	64,405
2026	-	-	-	-	279,337	61,643
2027-2031	-	-	-	-	1,451,658	258,820
2032-2036	-	-	-	-	1,349,658	164,226
2037-2041	-	-	-	-	235,676	95,437
2042-2046	-	-	-	-	253,932	68,328
2047-2051	-	-	-	-	284,138	38,122
2052-2054	-	-	-	-	191,766	6,897
Total	<u>\$ 31,956</u>	<u>\$ 521</u>	<u>\$ 103,416</u>	<u>\$ 10,609</u>	<u>\$ 6,453,848</u>	<u>\$ 1,367,753</u>

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TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 6—Long-term Obligations: (Continued)

Details of Long-term Obligations :

	Total Amount
<u>Governmental Activities:</u>	
<u>Notes Payable:</u>	
\$52,302 Citizen's Bank and Trust note issued June 12, 2009, due in monthly installments of combined principal and interest of \$374 through May 2014 and a balloon payment of \$38,186 in June 2014, interest at 3.50%.	\$ 31,472
\$16,600 Rural Development note issued September 18, 2014, due in monthly installments of combined principal and interest of \$306 starting November 22, 2014 through October 22, 2019, interest at 4%.	11,420
\$86,500 Rural Development note issued February 28, 2013, due in monthly installments of combined principal and interest of \$841 starting September 28, 2013 through May 28, 2024, interest at 3.125%.	60,524
Total Notes Payable	\$ 103,416
<u>Capital Lease:</u>	
\$56,881 Citizens Bank capital lease issued March 1, 2015, due in monthly installments of combined principal and interest of \$1,625 through February 25, 2018, interest at 1.85%.	\$ 31,956
Compensated Absences (payable from General Fund)	\$ 52,894
Total Long-term Obligations, Governmental Activities	\$ 188,266
<u>Business-type Activities:</u>	
<u>General Obligation Bonds:</u>	
\$1,668,000 FMHA loan, issued September 30, 2014; monthly payments, including principal and interest, starting October 28, 2015 of \$5,371 through September 2054.	\$ 1,647,579
\$327,900 FMHA loan issued August 21, 1997; monthly payments, including principal and interest, starting September 21, 1999 of \$1,506 through August 2037.	241,607
\$1,100,000 general obligation bond issued July 1, 2005; biannual payments, including principal and interest, starting February 1, 2006 of varying amounts through August 2035.	870,000
\$3,889,118 general obligation bond anticipation note issued September 30, 2014; semi-annual payments of \$97,228 through 2035, interest at 0%.	3,694,662
Total General Obligation Bonds	\$ 6,453,848
Compensated absences (payable from Enterprise Fund)	\$ 14,531
Total Long-term Obligations, Business-type Activities	\$ 6,468,379
Total Long-term Obligations, Primary Government	\$ 6,656,645

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 7—Capital Lease:

The Town has entered into lease agreements as lessee for financing the acquisition of a tractor. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital lease are as follows:

Assets:	
Tractor	\$ 56,881
Accumulated depreciation	(22,752)
Total	<u>\$ 34,129</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2016, are as follows:

<u>Year Ending June 30</u>	
2017	\$ 19,506
2018	<u>12,971</u>
Total minimum lease payments	\$ 32,477
Less: amount representing interest	<u>(521)</u>
Present value of minimum lease payments	<u>\$ 31,956</u>

Note 8—Unearned and Deferred/Unavailable Revenue:

Unearned and Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. The Town reports unavailable revenue totaling \$58,168 which is compiled of the following:

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$57,056 at June 30, 2016.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2016, but paid in advance by the taxpayers totaled \$1,112 at June 30, 2016.

Notes to Financial Statements (Continued)
June 30, 2016

Note 9—Litigation:

At June 30, 2016, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

Note 10—Risk Management:

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of worker's compensation and public officials' liability. The Town pays an annual premium to the pools for its general insurance through member premiums. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11—Commitments and Contingencies:

Federal programs in which the Town and discretely presented component unit participate were audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

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

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Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan:

Plan Description

All full-time, salaried permanent employees of the Town 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 pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. 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.

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *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.

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Hybrid Opt-In Election (Cont.) 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.	Hybrid Opt-In Election (Cont.) 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.	*Non-Eligible Members (Cont.) 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.
Retirement Contributions Employees contribute 5% 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% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Employees contribute 5% 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% member contribution but all employees will be paying the full 5% by July 1, 2016.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as Plan 1.	Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
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.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit (Cont.) 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 (Cont.)	Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. 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.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Not applicable.

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> 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% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. <u>Eligibility:</u> Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution Component:</u> Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2.

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. 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 an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2016

Note 12—Pension Plan: (Continued)

Plan Description (Continued)

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

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	10
Inactive members:	
Vested inactive members	7
Non-vested inactive members	12
Inactive members active elsewhere in VRS	22
Total inactive members	51
Active members	24
Total covered employees	75

Contributions

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

The Town's contractually required contribution rate for the year ended June 30, 2016 was 5.26% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2016

Note 12—Pension Plan: (Continued)

Net Pension Liability (Asset)

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$46,248 and \$44,174 for the years ended June 30, 2016 and June 30, 2015, respectively.

The Town's net pension liability (asset) was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

Actuarial Assumptions - General Employees

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

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 - Non-LEOS:

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

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

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

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TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued) June 30, 2016

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees

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

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

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TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—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%.

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—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 Town 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 (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2014	\$ 2,425,757	\$ 2,574,460	\$ (148,703)
Changes for the year:			
Service cost	\$ 68,414	\$ -	\$ 68,414
Interest	167,106	-	167,106
Differences between expected and actual experience	40,939	-	40,939
Contributions - employer	-	44,174	(44,174)
Contributions - employee	-	41,935	(41,935)
Net investment income	-	118,722	(118,722)
Benefit payments, including refunds of employee contributions	(77,043)	(77,043)	-
Administrative expenses	-	(1,591)	1,591
Other changes	-	(27)	27
Net changes	\$ 199,416	\$ 126,170	\$ 73,246
Balances at June 30, 2015	\$ 2,625,173	\$ 2,700,630	\$ (75,457)

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

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

The following presents the net pension liability of the Town using the discount rate of 7.00%, as well as what the Town'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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(6.00%)	(7.00%)	(8.00%)
Town			
Net Pension Liability (Asset)	299,711	(75,457)	(380,474)

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

For the year ended June 30, 2016, the Town recognized pension expense of \$1,005. At June 30, 2016, the Town 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 \$	27,942	\$ -
Net difference between projected and actual earnings on pension plan investments	-	67,815
Employer contributions subsequent to the measurement date	46,248	-
Total	\$ 74,190	\$ 67,815

TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 12—Pension Plan: (Continued)

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

\$46,248 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2017	\$ (13,725)
2018	(13,725)
2019	(24,774)
2020	12,351
2021	-
Thereafter	-

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TOWN OF CREWE, VIRGINIA

Notes to Financial Statements (Continued)
June 30, 2016

Note 13–Surety Bonds:

	<u>Amount</u>
VML Insurance Programs:	
Blanket Public Employees Dishonesty Coverage	\$ 100,000

Note 14–Interfund Transfers:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 924	\$ 72,774
Special revenue	-	924
Proprietary	<u>84,718</u>	<u>11,944</u>
Total - All Funds	\$ <u>85,642</u>	\$ <u>85,642</u>

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

Note 15–Upcoming Pronouncements:

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

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017.

Notes to Financial Statements (Continued)
June 30, 2016

Note 15—Upcoming Pronouncements: (Continued)

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

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

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

Statement No. 81, *Irrevocable Split-Interest Agreements*, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

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

Note 16—Subsequent Event:

On July 12, 2016, the Town issued a \$902,000 series 2016 General Obligations Refunding Bond to refund the series 2005 General Obligation Bond.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 479,600	\$ 479,600	\$ 467,150	\$ (12,450)
Other local taxes	562,500	562,500	614,403	51,903
Fines and forfeitures	16,000	16,000	22,411	6,411
Revenue from the use of money and property	14,000	14,000	23,518	9,518
Charges for services	272,000	272,000	285,564	13,564
Miscellaneous	17,500	17,500	21,119	3,619
Recovered costs	22,000	22,000	43,395	21,395
Intergovernmental:				
Commonwealth	188,700	188,700	189,284	584
Federal	9,000	9,000	262,570	253,570
Total revenues	<u>\$ 1,581,300</u>	<u>\$ 1,581,300</u>	<u>\$ 1,929,414</u>	<u>\$ 348,114</u>
EXPENDITURES				
Current:				
General government administration	\$ 293,305	\$ 293,305	\$ 537,601	\$ (244,296)
Public safety	575,275	575,275	535,583	39,692
Public works	738,413	738,413	545,215	193,198
Health and welfare	-	-	824	(824)
Parks, recreation, and cultural	21,200	21,200	19,333	1,867
Community development	35,200	35,200	20,278	14,922
Nondepartmental	15,000	15,000	-	15,000
Debt service:				
Principal retirement	-	-	42,656	(42,656)
Interest and other fiscal charges	-	-	4,712	(4,712)
Total expenditures	<u>\$ 1,678,393</u>	<u>\$ 1,678,393</u>	<u>\$ 1,706,202</u>	<u>\$ (27,809)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (97,093)</u>	<u>\$ (97,093)</u>	<u>\$ 223,212</u>	<u>\$ 320,305</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 924	\$ 924
Transfers out	-	-	(72,774)	(72,774)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (71,850)</u>	<u>\$ (71,850)</u>
Net change in fund balances	<u>\$ (97,093)</u>	<u>\$ (97,093)</u>	<u>\$ 151,362</u>	<u>\$ 248,455</u>
Fund balances - beginning	97,093	97,093	1,480,328	1,383,235
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,631,690</u></u>	<u><u>\$ 1,631,690</u></u>

Town of Crewe, Virginia
Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Year Ended June 30, 2015

	2015	2014
Total pension liability		
Service cost	\$ 68,414	\$ 67,842
Interest	167,106	156,608
Differences between expected and actual experience	40,939	-
Benefit payments, including refunds of employee contributions	(77,043)	(71,898)
Net change in total pension liability	\$ 199,416	\$ 152,552
Total pension liability - beginning	2,425,757	2,273,205
Total pension liability - ending (a)	\$ 2,625,173	\$ 2,425,757
 Plan fiduciary net position		
Contributions - employer	\$ 44,174	\$ 56,108
Contributions - employee	41,935	39,963
Net investment income	118,722	350,271
Benefit payments, including refunds of employee contributions	(77,043)	(71,898)
Administrative expense	(1,591)	(1,849)
Other	(27)	19
Net change in plan fiduciary net position	\$ 126,170	\$ 372,614
Plan fiduciary net position - beginning	2,574,460	2,201,846
Plan fiduciary net position - ending (b)	\$ 2,700,630	\$ 2,574,460
 Town's net pension liability (asset) - ending (a) - (b)	\$ (75,457)	\$ (148,703)
 Plan fiduciary net position as a percentage of the total pension liability	102.87%	106.13%
 Covered payroll	\$ 860,940	\$ 799,253
 Town's net pension liability (asset) as a percentage of covered payroll	-8.76%	-18.61%

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

Schedule of Employer Contributions
For the Year Ended June 30, 2015

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2016	\$ 46,248	\$ 46,248	\$ -	\$ 879,247	5.26%
2015	44,174	44,174	-	860,940	5.13%
2014	56,108	56,108	-	799,253	7.02%
2013	49,875	49,875	-	710,468	7.02%
2012	33,459	33,459	-	707,385	4.73%
2011	32,334	32,334	-	683,594	4.73%
2010	47,179	47,179	-	736,020	6.41%
2009	45,980	45,980	-	717,324	6.41%
2008	72,984	72,984	-	673,901	10.83%
2007	70,808	70,808	-	653,818	10.83%

Current year contributions are from Town records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information
For the Year Ended June 30, 2015

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

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

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

OTHER SUPPLEMENTARY INFORMATION

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*INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES*

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Town of Crewe, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Special Revenue Fund
For the Year Ended June 30, 2016

	Forfeited Assets Fund				
	Budgeted Amounts				Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
OTHER FINANCING SOURCES (USES)					
Transfers out	\$ -	\$ -	\$ (924)	\$ (924)	
Total other financing sources (uses)	\$ -	\$ -	\$ (924)	\$ (924)	
Net change in fund balances	\$ -	\$ -	\$ (924)	\$ (924)	
Fund balance - beginning	-	-	924	924	
Fund balance - ending	\$ -	\$ -	\$ -	\$ -	

Town of Crewe, Virginia
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2016

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Homecoming Committee				
Assets:				
Cash and cash equivalents	\$ 9,406	\$ -	\$ 9,406	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities:				
Amounts held for Homecomming Committee	\$ 9,406	\$ -	\$ 9,406	\$ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

SUPPORTING SCHEDULES

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Town of Crewe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Schedule 1
Page 1 of 2

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 333,300	\$ 333,300	\$ 317,872	\$ (15,428)
Real and personal public service corporation taxes	65,000	65,000	61,273	(3,727)
Personal property taxes	71,300	71,300	78,461	7,161
Penalties and interest	10,000	10,000	9,544	(456)
Total general property taxes	<u>\$ 479,600</u>	<u>\$ 479,600</u>	<u>\$ 467,150</u>	<u>\$ (12,450)</u>
Other local taxes:				
Local sales and use taxes	\$ 130,000	\$ 130,000	\$ 150,501	\$ 20,501
Consumers' utility taxes	65,000	65,000	74,616	9,616
Consumption tax	7,500	7,500	7,244	(256)
Business license taxes	62,000	62,000	50,444	(11,556)
Town tags	38,000	38,000	38,341	341
Bank stock taxes	50,000	50,000	59,012	9,012
Restaurant food taxes	210,000	210,000	234,245	24,245
Total other local taxes	<u>\$ 562,500</u>	<u>\$ 562,500</u>	<u>\$ 614,403</u>	<u>\$ 51,903</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 16,000	\$ 16,000	\$ 22,411	\$ 6,411
Revenue from use of money and property:				
Revenue from use of money	\$ 500	\$ 500	\$ 541	\$ 41
Revenue from use of property	13,500	13,500	22,977	9,477
Total revenue from use of money and property	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 23,518</u>	<u>\$ 9,518</u>
Charges for services:				
Charges for sanitation and waste removal	\$ 237,000	\$ 237,000	\$ 248,505	\$ 11,505
Charges for landfill	35,000	35,000	37,059	2,059
Total charges for services	<u>\$ 272,000</u>	<u>\$ 272,000</u>	<u>\$ 285,564</u>	<u>\$ 13,564</u>
Miscellaneous:				
Miscellaneous	\$ 17,500	\$ 17,500	\$ 21,119	\$ 3,619
Recovered costs:				
County recreation grant	\$ 2,000	\$ 2,000	\$ 4,000	\$ 2,000
VDOT snow removal	20,000	20,000	39,395	19,395
Total recovered costs	<u>\$ 22,000</u>	<u>\$ 22,000</u>	<u>\$ 43,395</u>	<u>\$ 21,395</u>
Total revenue from local sources	<u>\$ 1,383,600</u>	<u>\$ 1,383,600</u>	<u>\$ 1,477,560</u>	<u>\$ 93,960</u>

Town of Crewe, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2016

Schedule 1
Page 2 of 2

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 42,500	\$ 42,500	\$ 41,030	\$ (1,470)
Rolling stock tax	45,000	45,000	34,126	(10,874)
Auto rental tax	-	-	1,739	1,739
Personal property tax relief funds	52,000	52,000	53,465	1,465
Total noncategorical aid	<u>\$ 139,500</u>	<u>\$ 139,500</u>	<u>\$ 130,360</u>	<u>\$ (9,140)</u>
Categorical aid:				
Other categorical aid:				
Litter control	\$ 1,200	\$ 1,200	\$ -	\$ (1,200)
Police grant	40,000	40,000	55,124	15,124
Fire programs	8,000	8,000	-	(8,000)
Aviation grants	-	-	3,800	3,800
Total other categorical aid	<u>\$ 49,200</u>	<u>\$ 49,200</u>	<u>\$ 58,924</u>	<u>\$ 9,724</u>
Total categorical aid	<u>\$ 49,200</u>	<u>\$ 49,200</u>	<u>\$ 58,924</u>	<u>\$ 9,724</u>
Total revenue from the Commonwealth	<u>\$ 188,700</u>	<u>\$ 188,700</u>	<u>\$ 189,284</u>	<u>\$ 584</u>
Revenue from the federal government:				
Categorical aid:				
Local law enforcement block grant	\$ 9,000	\$ 9,000	\$ -	\$ (9,000)
Transportation safety grant	-	-	4,600	4,600
ISTEA grant	-	-	7,850	7,850
Community development block grant	-	-	250,120	250,120
Total other categorical aid	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 262,570</u>	<u>\$ 253,570</u>
Total categorical aid	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 262,570</u>	<u>\$ 253,570</u>
Total revenue from the federal government	<u>\$ 9,000</u>	<u>\$ 9,000</u>	<u>\$ 262,570</u>	<u>\$ 253,570</u>
Total General Fund	<u>\$ 1,581,300</u>	<u>\$ 1,581,300</u>	<u>\$ 1,929,414</u>	<u>\$ 348,114</u>
Total Revenues -- Governmental Funds	<u><u>\$ 1,581,300</u></u>	<u><u>\$ 1,581,300</u></u>	<u><u>\$ 1,929,414</u></u>	<u><u>\$ 348,114</u></u>

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

Schedule 2
Page 1 of 2

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 4,005	\$ 4,005	\$ 3,775	\$ 230
General and financial administration:				
Town Manager and financial administration	\$ 270,300	\$ 270,300	\$ 511,450	\$ (241,150)
Legal services	17,000	17,000	20,434	(3,434)
Election services	2,000	2,000	1,942	58
Total general and financial administration	\$ 289,300	\$ 289,300	\$ 533,826	\$ (244,526)
Total general government administration	\$ 293,305	\$ 293,305	\$ 537,601	\$ (244,296)
Public safety:				
Law enforcement and traffic control:				
Police	\$ 525,050	\$ 525,050	\$ 459,684	\$ 65,366
Fire and rescue services:				
Fire department	\$ 48,900	\$ 48,900	\$ 75,006	\$ (26,106)
Other protection:				
Animal control	\$ 1,325	\$ 1,325	\$ 893	\$ 432
Total public safety	\$ 575,275	\$ 575,275	\$ 535,583	\$ 39,692
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Snow removal	\$ 11,100	\$ 11,100	\$ 10,246	\$ 854
Street lights	35,000	35,000	35,416	(416)
Total maintenance of highways, streets, bridges and sidewalks	\$ 46,100	\$ 46,100	\$ 45,662	\$ 438
Sanitation and waste removal:				
County landfill payment	\$ 36,000	\$ 36,000	\$ 30,764	\$ 5,236
Public works	656,313	656,313	468,789	187,524
Total sanitation and waste removal	\$ 692,313	\$ 692,313	\$ 499,553	\$ 192,760
Total public works	\$ 738,413	\$ 738,413	\$ 545,215	\$ 193,198
Health and welfare:				
Welfare:				
Tax relief	\$ -	\$ -	\$ 824	\$ (824)
Total health and welfare	\$ -	\$ -	\$ 824	\$ (824)
Parks, recreation, and cultural:				
Parks and recreation:				
Community Center	\$ 7,500	\$ 7,500	\$ 7,352	\$ 148

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

Schedule 2
Page 2 of 2

<u>Fund, Function, Activity and Element</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural: (Continued)				
Cultural enrichment:				
Christmas parade	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Homecoming celebration	2,500	2,500	2,500	-
Total cultural enrichment	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ -</u>
Library:				
Library administration	\$ 9,700	\$ 9,700	\$ 7,981	\$ 1,719
Total parks, recreation, and cultural	<u>\$ 21,200</u>	<u>\$ 21,200</u>	<u>\$ 19,333</u>	<u>\$ 1,867</u>
Community development:				
Planning and community development:				
Airport	\$ 35,200	\$ 35,200	\$ 20,278	\$ 14,922
Total community development	<u>\$ 35,200</u>	<u>\$ 35,200</u>	<u>\$ 20,278</u>	<u>\$ 14,922</u>
Nondepartmental:				
Miscellaneous	\$ 15,000	\$ 15,000	\$ -	\$ 15,000
Total nondepartmental	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>\$ 15,000</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 42,656	\$ (42,656)
Interest and other fiscal charges	-	-	4,712	(4,712)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,368</u>	<u>\$ (47,368)</u>
Total General Fund	<u>\$ 1,678,393</u>	<u>\$ 1,678,393</u>	<u>\$ 1,706,202</u>	<u>\$ (27,809)</u>
Total Expenditures -- Governmental Funds	<u>\$ 1,678,393</u>	<u>\$ 1,678,393</u>	<u>\$ 1,706,202</u>	<u>\$ (27,809)</u>

STATISTICAL INFORMATION

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Table 1

Town of Crewe, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General			Parks,			Interest		Total
	Government Administration	Public Safety	Public Works	Health and Welfare	Recreation, and Cultural	Community Development	on Long-term Debt	Enterprise Funds	
2007	\$ 214,424	\$ 362,897	\$ 494,152	\$ -	\$ 62,286	\$ 43,643	\$ 6,063	\$ 1,193,252	\$ 2,376,717
2008	199,631	383,298	504,907	-	58,021	26,937	5,039	1,279,548	2,457,381
2009	221,324	415,873	515,382	-	62,161	27,203	4,605	1,307,309	2,553,857
2010	231,441	409,103	531,955	-	4,283	75,338	4,030	1,307,617	2,563,767
2011	339,456	423,284	551,362	-	58,512	30,997	3,309	1,289,620	2,696,540
2012	308,440	474,901	574,079	-	79,074	20,718	5,521	1,456,550	2,919,283
2013	220,149	493,547	562,365	11,437	70,781	23,729	5,263	1,424,483	2,811,754
2014	298,892	501,204	539,272	2,052	65,027	20,025	4,163	1,546,562	2,977,197
2015	321,509	492,182	574,441	1,309	77,231	29,329	3,674	1,441,629	2,941,304
2016	535,113	487,712	523,457	824	56,203	20,278	4,712	1,521,263	3,149,562

Table 2

Town of Crewe, Virginia
Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES							
	Charges for Services	Operating Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings		Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		Total
2007	\$ 1,283,948	\$ 185,392	\$ 322,670	\$ 537,413	\$ 72,583	\$ 71,817	\$ 106,830	\$ 2,580,653			
2008	1,292,784	84,836	386,244	514,167	39,992	35,266	134,469	2,487,758			
2009	1,293,530	73,402	419,373	507,941	24,072	28,308	132,733	2,479,359			
2010	1,248,771	129,826	487,119	486,632	21,574	25,891	132,946	2,532,759			
2011	1,417,725	87,103	420,947	492,140	13,564	37,126	134,279	2,602,884			
2012	1,641,738	136,464	452,025	534,047	11,528	56,876	130,723	2,963,401			
2013	1,716,722	61,124	458,541	556,207	16,151	62,072	173,259	3,044,076			
2014	1,734,455	133,575	472,761	571,724	15,492	43,264	134,050	3,105,321			
2015	1,988,282	1,061,741	457,342	581,800	18,965	25,662	135,211	4,269,003			
2016	1,859,167	2,049,867	461,717	614,403	23,845	59,710	130,360	5,199,069			

Table 3

Town of Crewe, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General			Parks, Recreation, and Cultural				Community Development			Debt Service		Non- departmental	Total
	Government Administration	Public Safety	Public Works	Health and Welfare	Recreation, and Cultural	Community Development	Debt Service	Non- departmental	Total	Debt Service	Non- departmental	Total		
2007	\$ 208,992	\$ 367,998	\$ 453,301	\$ -	\$ 23,292	\$ 169,152	\$ 35,336	\$ 1,442	\$ 1,259,513					
2008	197,849	379,480	468,204	-	25,730	20,234	41,245	1,075	1,133,817					
2009	216,659	443,502	496,431	-	29,870	20,500	102,379	1,760	1,311,101					
2010	229,316	390,389	532,009	-	21,992	68,635	58,017	1,624	1,301,982					
2011	338,478	404,321	648,429	-	29,967	30,997	49,026	414	1,501,632					
2012	311,518	529,024	556,237	-	85,472	20,718	48,901	-	1,551,870					
2013	220,512	479,630	626,533	11,437	22,779	23,729	46,884	-	1,431,504					
2014	301,497	486,028	588,554	2,052	33,517	20,025	27,438	-	1,459,111					
2015	322,668	520,799	640,749	1,309	26,362	29,329	33,112	169	1,574,497					
2016	537,601	535,583	545,215	824	19,333	20,278	47,368	-	1,706,202					

(1) Includes General and Special Revenue Funds.

Table 4

Town of Crewe, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	Revenue from the									
	General Property Taxes	Other Local Taxes	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total	
2007	\$ 329,222	\$ 537,413	\$ 12,213	\$ 26,312	\$ 233,453	\$ 66,864	\$ 8,853	\$ 292,222	\$ 1,506,552	
2008	385,587	514,167	12,729	23,772	253,007	22,375	2,000	217,894	1,431,531	
2009	419,379	507,941	13,713	18,664	243,389	19,696	10,875	206,135	1,439,792	
2010	419,727	486,632	12,734	17,202	249,415	21,511	37,787	260,710	1,505,718	
2011	401,532	492,140	40,485	13,040	260,486	31,563	45,448	185,447	1,470,141	
2012	456,223	534,047	62,715	10,844	273,564	43,786	13,200	267,187	1,661,566	
2013	482,586	556,207	88,259	15,660	273,983	54,995	26,352	234,383	1,732,425	
2014	473,761	571,724	13,901	15,333	275,183	32,127	53,469	267,625	1,703,123	
2015	453,068	581,800	21,799	18,730	281,214	21,462	31,050	355,608	1,764,731	
2016	467,150	614,403	22,411	23,518	285,564	21,119	43,395	451,854	1,929,414	

(1) Includes General and Special Revenue Funds.

Table 5

Town of Crewe, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1,2)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1,3)	Percent of Delinquent Taxes to Tax Levy (3)
						Total Tax Collections to Tax Levy	n/a		
2007	\$ 417,620	\$ 378,740	90.69%	\$ 2,521	\$ 381,261	91.29%	n/a	n/a	n/a
2008	503,849	431,733	85.69%	4,707	436,440	86.62%	n/a	n/a	n/a
2009	498,991	459,948	92.18%	8,371	468,319	93.85%	n/a	n/a	n/a
2010	503,820	440,862	87.50%	23,413	464,275	92.15%	69,950	13.88%	13.88%
2011	485,384	378,843	78.05%	16,543	395,386	81.46%	79,924	16.47%	16.47%
2012	493,403	420,728	85.27%	24,834	445,562	90.30%	69,488	14.08%	14.08%
2013	503,691	488,940	97.07%	33,310	522,250	103.68%	88,367	17.54%	17.54%
2014	516,887	490,021	94.80%	26,084	516,105	99.85%	80,221	15.52%	15.52%
2015	497,331	465,315	93.56%	20,909	486,224	97.77%	83,798	16.85%	16.85%
2016	509,089	491,703	96.58%	19,368	511,071	100.39%	71,189	13.98%	13.98%

(1) Exclusive of penalties and interest

(2) Tax levy and collections include the Commonwealth's personal property tax relief revenues.

(3) This information was unavailable in fiscal years 2007-2009.

Table 6

Town of Crewe, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Mobile Homes	Public Utility (2)			Total
					Real Estate	Personal Property	Property	
2007	\$ 99,139,926	\$ 9,796,480	\$ 1,466,829	\$ 8,418	\$ 20,547,948	\$ 574,563	\$ 131,534,164	
2008	99,435,586	9,967,036	977,986	11,442	22,144,907	644,355	133,181,312	
2009	100,159,681	10,354,869	997,950	8,212	18,572,500	544,680	130,637,892	
2010	108,372,546	8,758,539	1,082,219	15,828	18,146,346	510,550	136,886,028	
2011	100,922,017	8,980,553	1,040,204	38,665	19,038,651	428,907	130,448,997	
2012	100,908,066	9,007,025	931,997	-	22,163,283	410,097	133,420,468	
2013	103,149,610	9,003,471	807,799	-	22,659,102	372,450	135,992,432	
2014	103,476,887	9,927,569	790,286	27,683	24,569,145	337,645	139,129,215	
2015	103,401,526	9,627,084	683,218	17,387	19,910,266	301,646	133,941,127	
2016	105,858,306	9,695,554	635,614	12,971	20,424,235	519,005	137,145,685	

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values for public utility are established by the State Corporation Commission.

Table 7

Town of Crewe, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate		Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
						Real Estate	Personal Property
2007	\$	0.25	1.00	1.00	0.25	\$	1.00
2008		0.30	1.20	1.20	0.30		1.20
2009		0.30	1.20	1.20	0.30		1.20
2010		0.30	1.20	1.20	0.30		1.20
2011		0.30	1.20	1.20	0.30		1.20
2012		0.30	1.20	1.20	0.30		1.20
2013		0.30	1.20	1.20	0.30		1.20
2014		0.30	1.20	1.20	0.30		1.20
2015		0.30	1.20	1.20	0.30		1.20
2016		0.30	1.20	1.20	0.30		1.20

(1) Per \$100 of assessed value.

Table 8

Town of Crewe, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2006	2,378	\$ 131,534,164	\$ 4,498,286	3.42%	\$ 1,892
2007	2,378	133,181,312	4,421,641	3.32%	1,859
2008	2,378	130,637,892	4,342,394	3.32%	1,826
2009	2,378	136,886,028	4,260,417	3.11%	1,792
2010	2,326	130,448,997	4,217,416	3.23%	1,813
2011	2,326	133,420,468	4,121,727	3.09%	1,772
2012	2,326	135,992,432	4,211,913	3.10%	1,811
2013	2,326	139,129,215	4,276,852	3.07%	1,839
2014	2,326	133,941,127	5,786,363	4.32%	2,488
2015	2,326	137,145,685	6,557,264	4.78%	2,819

(1) Bureau of Census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt, bonded anticipation notes, and notes payable. Excludes revenue bonds, capital leases and compensated absences.

Table 9

**Town of Crewe, Virginia
Computation of Legal Debt Margin
June 30, 2016**

Assessed value of real property, January 1, 2015 (1)	\$ 123,825,761
Debt limit: 10% of assessed value	\$ 12,382,576
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 6,557,264
Less: Revenue bonds and notes secured by property	-
Net general obligation bonds and loans	\$ 6,557,264
Legal debt limit	\$ 5,825,312

(1) Assessed value of real property, including public service corporations as of January 1, 2015.

(2) Includes bonded debt and long-term notes payable.

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COMPLIANCE SECTION

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Honorable Members of the Town Council
Town of Crewe
Crewe, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Crewe Virginia, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Town of Crewe, Virginia's basic financial statements, and have issued our report thereon dated March 8, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Crewe Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Crewe, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Crewe, Virginia's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Crewe, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a long horizontal line.

Richmond, Virginia
March 8, 2017

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

**To the Honorable Members of the Town Council
Town of Crewe
Crewe, Virginia**

We have audited Town of Crewe, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Crewe, Virginia's major federal programs for the year ended June 30, 2016. Town of Crewe, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Crewe, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Town of Crewe, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Town of Crewe, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Crewe, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of Town of Crewe, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Town of Crewe, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Crewe, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a long horizontal line extending to the right.

Richmond, Virginia
March 8, 2017

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

Federal Grantor/State Pass-Through Grantor/ Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
State and Community Highway Safety	20.600	60507-54254/55405	\$ 4,600
Department of Transportation:			
Highway Planning and Construction	20.205	EN06-317-115	<u>7,850</u>
Total Department of Transportation			<u>\$ 12,450</u>
Department of Housing and Urban Development:			
Pass Through Payments:			
Department of Housing and Community Development:			
Community Development Block Grants/States' Program and Non-Entitlement Grants in Hawaii	14.228	5330500-50790	<u>\$ 250,120</u>
Environment Protection Agency:			
Pass through payments:			
Department of Health:			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	PG262-12	<u>\$ 15,000</u>
Department of Agriculture:			
Direct payments:			
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	<u>\$ 1,442,308</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,719,878</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Town of Crewe, Virginia

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

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Town of Crewe, Virginia under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Because the Schedule presents only a selected portion of the operations of Town of Crewe, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of Town of Crewe, Virginia.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note C - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 262,570
Proprietary Funds:	
Water Fund	15,000
Sewer Fund	1,442,308
Total primary government	\$ <u>1,719,878</u>

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 1,719,878

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

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

Noncompliance material to financial statements noted?

<u> </u> yes	<u> ✓ </u> no
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Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> ✓ </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> ✓ </u> none reported

Type of auditor's report issued on compliance
for major programs: unmodified

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

<u> </u> yes	<u> ✓ </u> no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities

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

Auditee qualified as low-risk auditee?

<u> </u> yes	<u> ✓ </u> no
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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

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