



The Town of Vinton, Virginia

Comprehensive Annual Financial Report



For Fiscal Year Ended June 30, 2020

TOWN OF VINTON, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2020

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

TOWN OF VINTON, VIRGINIA

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INTRODUCTORY SECTION



Town of Vinton

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Vinton, VA 24179
Phone (540) 983-0608
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November 3, 2020

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

We are pleased to present the Town of Vinton, Virginia (the Town) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020 in accordance with Section 15.1-167 of the 1950 *Code of Virginia*, (1950 as amended). The *Code* requires that the Town issues an annual report on its financial accounts and records. In addition, the report must be audited. The report was prepared by the Treasurer's Office and audited independently by the accounting firm Brown Edwards & Company, L.L.P.

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

The Reporting Entity and Services Provided

The financial reporting entity includes all of the funds of the primary government of the Town of Vinton, as legally defined. The reporting entity does not include legally separate entities (component units) for which a primary government is financially accountable because there are no such component units within the Town. The Town jointly operates the Roanoke Valley Resource Authority and the Regional Center for Animal Care and Protection through membership on the multi-jurisdictional boards.

The Town of Vinton provides a full range of municipal services. These services include police protection, refuse and recycling functions, general public improvements, street and right-of-way maintenance, recreational and cultural activities, and planning and zoning. The Town also provides potable water distribution, wastewater collection, maintenance and service of line, meters, and other components related to its utility system. Based on the latest Water Quality Report, the water system meets all state and federal requirements administered by the Office of Drinking Water under the Virginia Department of Health. According to the 2019 Water Quality Report, the Town had no water quality violations. The Virginia Department of Environmental Quality reported statewide recycling rates for calendar year 2018. The Town of Vinton's rate was 59.6% which was among the higher rates of localities less than 100,000 population voluntarily reporting.

Local Economic Condition and Outlook

The Town of Vinton is located in the southern end of the Shenandoah Valley, in the southwestern region of Virginia. Vinton is a part of the Roanoke Metropolitan Statistical Area, which includes the Cities of Roanoke and Salem and Counties of Roanoke, Botetourt, and Craig. The Town is a compact, urban area

Local Economic Condition and Outlook (Continued)

of 3.2 square miles located within eastern Roanoke County and shares a common border with the City of Roanoke. It is approximately 170 miles west of Richmond, Virginia, the State capital. The Town is a major gateway to the recreational attractions of Smith Mountain Lake and the Blue Ridge Parkway. Approximately 78.8% of the total land within the Town is developed; 50.6% for residential use, 13.8% for commercial or industrial development (within the Town industrial park and at various other locations) and 14.4% for public facility development.

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

Since the Town of Vinton is highly concerned with providing a positive atmosphere and quality of life for its citizens, it has taken an active role in various regional authorities and activities. The Town participates in economic development by being a member of the Roanoke Regional Partnership and working closely with Roanoke County on development opportunities and promoting a shared industrial park. The Town also partners with community groups to hold two major festivals and several smaller community events throughout the year. In 2019-2020, the Town also partnered with the Vinton Area Chamber of Commerce for economic development and business retention, recruitment and promotion.

The Town also participates in the Greenway Commission, the purpose of which is to identify possible greenway locations in the Roanoke Valley area. Through this the Town is building a greenway that will connect the downtown business district with Roanoke City's greenway system. This will allow for an individual to travel from Vinton to Salem on the greenway system. Vinton has also partnered with the Roanoke-Alleghany Regional Commission to promote a Blueways Trail on the Roanoke River.

Vinton has maintained stable property tax rates over the years, while continuing to provide high quality municipal services and responsive government. The combined real estate and personal property tax collections for fiscal year 2020 generate approximately \$761,000 or 9.67% of total revenue in the general fund.

The meals tax continues to be a strong revenue source for the Town despite impacts from the COVID19 pandemic. This revenue source is reflective of the value our restaurants are able to offer their customers and how they were able to quickly adjust during the pandemic. As part of the development of the FY20 budget, Town Council authorized raising the meals tax from 5% to 6%, with the proceeds of the increase to benefit Capital related improvements such as equipment to maintain and improve our public infrastructure. The Town is optimistic that despite recent events that this revenue source will continue to increase with a growing list of downtown restaurants, a successful craft brewery and entertainment offerings that provide opportunities to attract new visitors and for existing patrons to remain within the downtown later into the evenings and throughout the weekends as society returns to normal.

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

COVID-19 Impact

The local government, like other organizations across the globe, felt great uncertainty towards the impact on revenue collection from the COVID-19 pandemic which began in the first quarter of 2020. The Town operations are heavily dependent on the ability to collect taxes, assess fees and access the capital markets. Like many local governments, the Town was accomplishing several capital projects through grant funding, and Management is aware that the future accessibility of grants is likely to decrease from impacts of the pandemic. At this time, the full impact is unknown while the pandemic is still ongoing. However, Management is actively monitoring the fiscal conditions of the Town to ensure its financial condition and liquidity will be sustain services during this time of uncertainty.

Long-term Financial Planning

Council members and staff worked together to set mid to long-term goals for the future of the Town of Vinton, which goals will be reevaluated during future Council Retreats. Town staff will also work with Council Members to review mid and long-term goals to be addressed in upcoming budgets.

- Enhance the Town’s infrastructure and livability
- Maintain an efficient and high-performing government
- Ensure the Town’s continued financial viability by actively pursuing quality economic development (Gish’s Mill, Vinton Motors, River Park, Potential Hotel)
- Provide High Quality Water to Town and East Roanoke County Residents
- Replace Town Gateway Entrance Signs
- Stormwater Management Program with required funding

Major Initiatives

The Town continues to focus revitalization efforts to facilitate housing rehabilitation, improve the community’s walkability, enhance our transportation corridors and encourage the redevelopment of targeted underutilized commercial properties.

Housing: The Town has completed a \$1.5M Community Development Block Grant (CBDG) submittal to DHCD (Department of Housing and Community Development) to implement a Comprehensive Neighborhood Housing and Community Infrastructure Rehabilitation Program for the greater West Cleveland and Cedar Avenue neighborhood. The Town has worked with a grant management team and other community stakeholders for two years to develop the program goals and desired outcomes for the project. If awarded, the funds will be matched with an additional \$1.3M of Hazard Mitigation Grant Program (HMGP) and Southeast Rural Community Assistance Project (SERCAP) funds for the following program activities: (1) Housing Rehabilitation, (2) Acquisition, demolition and relocation of residents occupying flood prone properties, (3) Water, wastewater and storm water improvements, (4) Sidewalk connections and improvements, and (5) Voluntary property blight removal.

Transportation: The Town continues to partner with the Greater Roanoke Transportation Corporation (GRTC) to maintain and enhance public transit routes within the Town to key commercial, public services and residential activity centers, such as Lake Drive Plaza, Washington Avenue and South Pollard Street. In addition, the Town has been awarded over \$3M in transportation related grants from the Virginia Department of Transportation (VDOT) to enhance walkability by adding signalized pedestrian crosswalks at the key intersections of South Pollard Street and Washington Avenue and Hardy and Vinyard Roads; and by also the continued

Major Initiatives (Continued)

development our sidewalk and greenway connectivity with the Glade Creek Greenway Phase II and developing bike/ped accommodations along Walnut Avenue.

Commercial: The Town has received over \$90,000 from the Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VABF) and the Department of Environmental Equality (DEQ) to conduct a Phase I and Phase II Environmental Study at Gish Mill and the South Pollard West Gateway. In addition, the Town was awarded a \$300,000 Community-wide Brownfields Assessment Grant from the Environmental Protection Agency (EPA), and has already begun with assessment of the environmental conditions at other “brownfield” sites throughout the community for future targeted redevelopment.

In partnership with Roanoke County, Vinton has realized immense success with this “redevelopment” strategy. The recent conversion of the former Roland E. Cook School and former William Byrd High School as apartments, the redevelopment of the former Vinton Library as a full service Macado’s Restaurant, the redevelopment of the former Vinton Motors Dealership as Vinyard Station, the restoration of an ice-rink and renovation of the fitness center at the Lancerlot Sports Complex, the return of Off-Track Horse Wagering as Rosie’s Gaming Emporium, and the rehabilitation of the Gish Mill Property into a mixed-use commercial property that will feature a restaurant, seasonal market and an Air-B&B type hospitality.

Accounting System and Budgetary Controls

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

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

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

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

Cash Management

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

Risk Management

The Town's various property and liability insurance coverage is provided by the Virginia Risk Sharing Association. The annual insurance costs are allocated to specific departments and funds based on assigned equipment, number of personnel, building usage, and other equitable cost estimates.

Independent Audit

Virginia law requires that the financial statements of the Town be audited by a Certified Public Accountant (or alternatively, by the Auditor of Public Accounts) selected by the Town Council. Brown, Edwards & Company, L.L.P., has performed an annual audit of the Comprehensive Annual Financial Report. Their audit was conducted in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the

Comptroller General of the United States; and *Specifications for Audit of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The auditor's report, which includes their opinion on the financial statements of the Town, is contained in this report on page one of the Financial Section. Other auditor's reports are included in the Compliance Section.

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a national award that recognizes conformance with the highest standards for preparation of government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The Town of Vinton has received a Certificate of Achievement since the first award in 1995. We believe our current report continues to conform with the Certificate of Achievement Program requirements, thus, this report is being submitted to GFOA.

Acknowledgements

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

Respectfully submitted,


Barry W. Thompson
Town Manager


Anne W. Cantrell
Treasurer/Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Vinton
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

TOWN OF VINTON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2020

TOWN COUNCIL

Bradley E. Grose, Mayor
Keith N. Liles, Vice Mayor
Sabrina McCarty
Janet Schneid
Michael W. Stovall

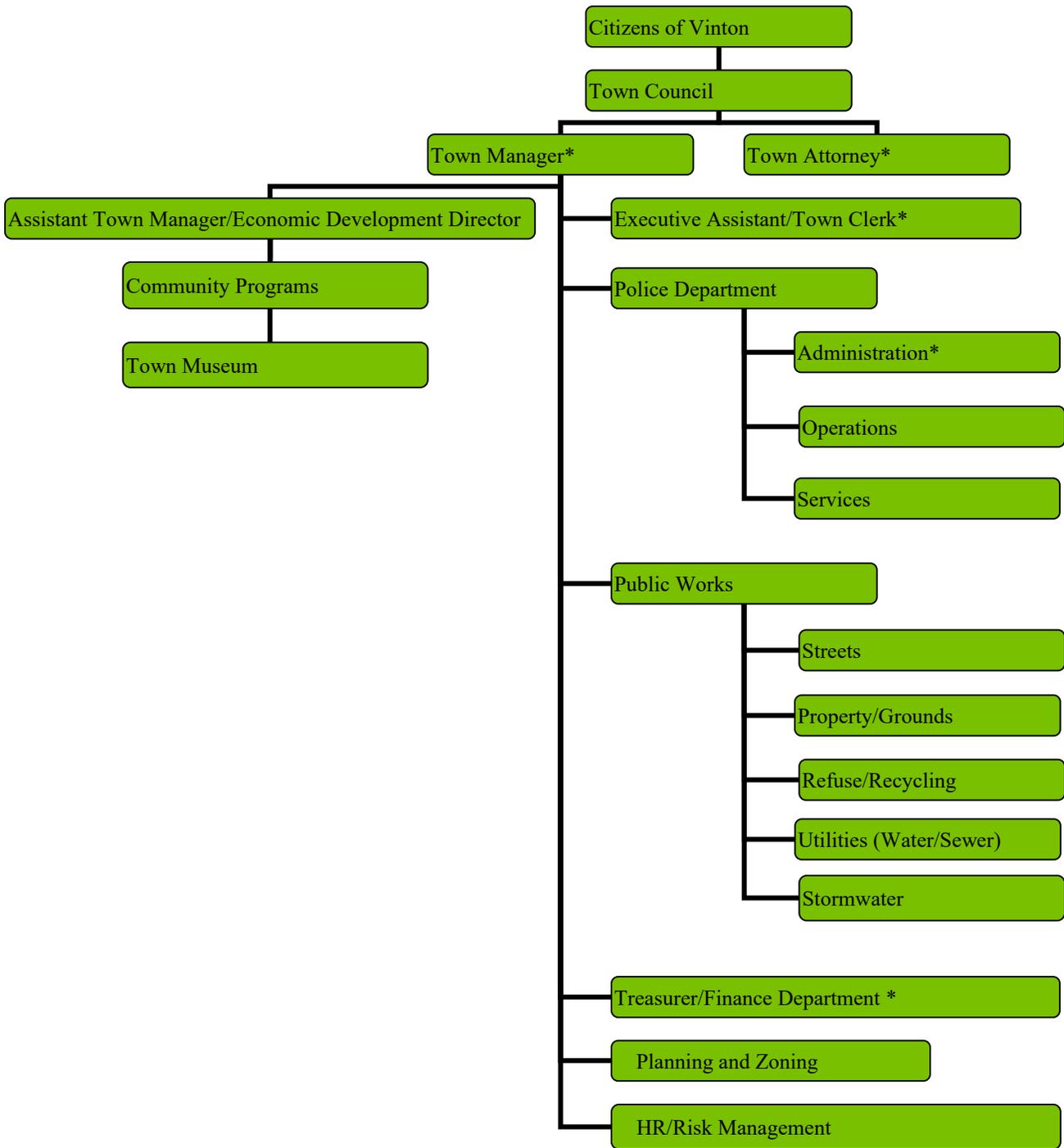
APPOINTED OFFICIALS

Barry W. Thompson..... Town Manager
Anne W. Cantrell..... Finance Director/Treasurer
Susan Johnson Town Clerk
Thomas Foster Chief of Police

INDEPENDENT AUDITORS

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

Organizational Chart



* Town Manager, Town Attorney, Executive Assistant/Town Clerk, Chief of Police, and the Treasurer are positions within the department appointed by Town Council bi-annually.

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vinton, Virginia (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on the Financial Statements (Continued)

Report on Summarized Comparative Information

We have previously audited the Town's 2019 financial statements, and in our report dated November 8, 2019, we expressed unmodified opinions on those financial statements. The 2019 financial information is provided for comparative purposes only. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 3, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Vinton, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- The total assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,348,259 (net position). Of this amount, \$5,214,226 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$1,512,875. This increase is largely due to total expenses of \$11,168,113 being less than total revenues of \$12,680,988. Another factor includes an increase of \$1,480,166 (18.2%) in current and other assets. However, capital assets continue to decrease by a total this fiscal year of \$1,005,355 (5.15%) with the final result being a increase of 1.71% in total assets.

On the other hand, long-term liabilities decreased by \$787,811 (7.47%), mostly due to no additional debt issuances during the year. However, other liabilities decreased by \$213,702 (9.33%) which was due to a decrease in accounts payable and related liabilities and in accrued payroll and related liabilities due to end of year timing of these payments and decrease in spending due to the global pandemic.

Deferred Outflows increased \$177,403 (19.03%) and Deferred Inflows increased \$140,852 (14.33%) due to the net difference between projected and actual earnings on plan investments.

The final result of all these effects is a 10.20% increase in net position.

- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$4,830,290 an increase of \$1,311,144 in comparison with the prior year. This is mostly due revenues over expenditures, but also due to a decrease of \$150,635 (26.51%) in total liabilities.
 - The general fund accounted for \$4,433,019 of the ending fund balance in the governmental fund, with an unassigned fund balance of \$3,668,974. Approximately 82.76% of the ending governmental fund balance, \$3,668,974 is available for spending at the Town's discretion (unassigned fund balance), and represents 50.92% of the general fund's expenditures.
 - In Fiscal Year (FY) 2020, the Town re-opened the capital fund, included in the governmental fund, which had remained closed since FY2012. The Capital Fund ended with \$397,271 committed fund balance, which is being set aside for a Town match requirement on a grant application submitted to the Virginia Department of Transportation (VDOT).

Overview of the Financial Statements

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

Overview of the Financial Statements (Continued)

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, community development, and parks, recreation, and cultural. The business-type activity of the Town is the water and sewer department, and the stormwater functions.

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, the net position was \$16,348,259 at the close of the most recent fiscal year.

By far the largest portion of the Town’s net position (67.65%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that are still outstanding). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town’s net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	The Town’s Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019*	2020	2019*
Current and other assets	\$ 6,336,885	\$ 5,180,239	\$ 3,284,509	\$ 2,960,989	\$ 9,621,394	\$ 8,141,228
Capital assets	8,854,637	9,078,690	9,726,116	10,507,418	18,580,753	19,586,108
Total assets	<u>15,191,522</u>	<u>14,258,929</u>	<u>13,010,625</u>	<u>13,468,407</u>	<u>28,202,147</u>	<u>27,727,336</u>
Deferred outflows of resources	<u>785,382</u>	<u>675,122</u>	<u>324,237</u>	<u>257,094</u>	<u>1,109,619</u>	<u>932,216</u>
Current and other liabilities	1,006,372	1,160,527	1,070,556	1,130,103	2,076,928	2,290,630
Long-term liabilities	4,360,578	4,678,153	5,402,318	5,872,554	9,762,896	10,550,707
Total liabilities	<u>5,366,950</u>	<u>5,838,680</u>	<u>6,472,874</u>	<u>7,002,657</u>	<u>11,839,824</u>	<u>12,841,337</u>
Deferred inflows of resources	<u>1,051,254</u>	<u>917,834</u>	<u>72,429</u>	<u>64,997</u>	<u>1,123,683</u>	<u>982,831</u>
Net position						
Net investment in capital assets	6,634,748	6,747,977	4,424,574	5,051,330	11,059,322	11,799,307
Restricted	74,711	180,691	-	-	74,711	180,691
Unrestricted	<u>2,849,241</u>	<u>1,248,869</u>	<u>2,364,985</u>	<u>1,606,517</u>	<u>5,214,226</u>	<u>2,855,386</u>
Total net position	<u>\$ 9,558,700</u>	<u>\$ 8,177,537</u>	<u>\$ 6,789,559</u>	<u>\$ 6,657,847</u>	<u>\$ 16,348,259</u>	<u>\$ 14,835,384</u>

* Restated

Unrestricted net position of \$5,214,226 may be used to meet the Town’s ongoing obligations to citizens and creditors.

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

Government-Wide Financial Analysis (Continued)

Governmental activities – Governmental activities increased the Town’s net position by \$1,381,163.

For the most part, revenues closely paralleled inflation and conditions represented in the economy and growth in the demand for services. Revenues from operating grants and contributions, capital grants and contributions, and various taxes showed an increase over the prior year. Investment earnings also showed an increase because of the Town’s investments and bond proceeds being invested in higher yields.

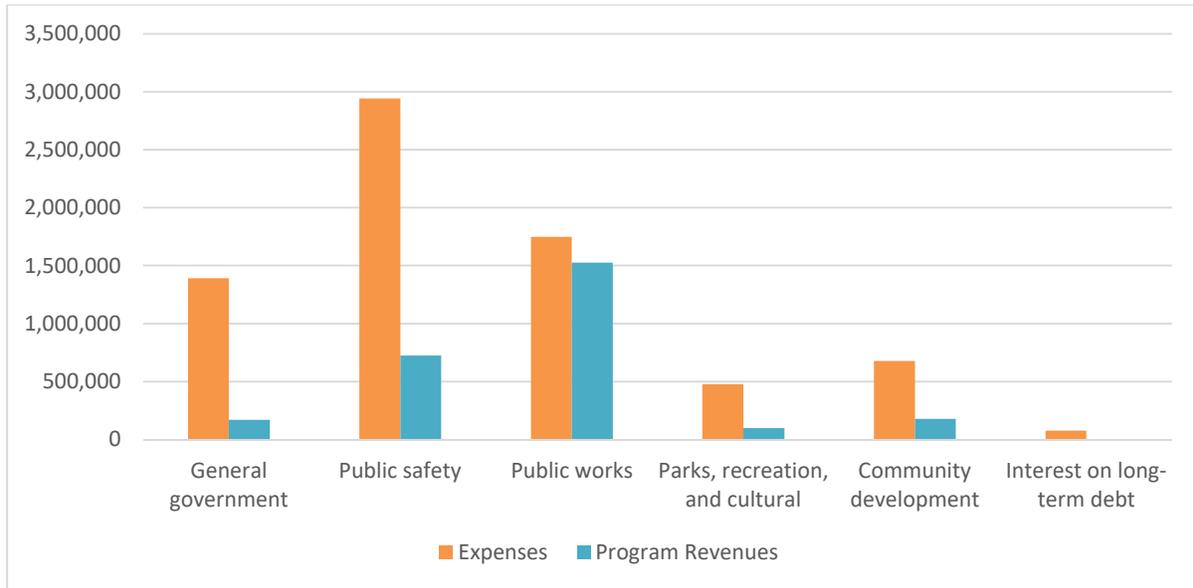
The Town’s Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019*	2020	2019*
Revenues						
Program revenues						
Charges for services	\$ 420,047	\$ 700,984	\$ 3,423,342	\$ 3,386,429	\$ 3,843,389	\$ 4,087,413
Operating grants and contributions	1,966,475	1,531,540	-	-	1,966,475	1,531,540
Capital grants and contributions	309,973	72,006	-	-	309,973	72,006
General revenues						
Property taxes	749,564	726,573	-	-	749,564	726,573
Other taxes	4,833,542	4,538,798	-	-	4,833,542	4,538,798
Intergovernmental revenue	518,418	812,923	-	-	518,418	812,923
Investment earnings	42,409	50,854	8,271	9,009	50,680	59,863
Other	37,669	69,900	371,278	379,813	408,947	449,713
Gain (loss) on sale	-	16,580	-	-	-	16,580
Total revenues	8,878,097	8,520,158	3,802,891	3,775,251	12,680,988	12,295,409
Expenses						
General government	1,391,690	1,049,355	-	-	1,391,690	1,049,355
Public safety	2,941,870	3,566,718	-	-	2,941,870	3,566,718
Public works	1,748,237	1,890,909	-	-	1,748,237	1,890,909
Parks, recreation, and cultural	477,604	539,309	-	-	477,604	539,309
Community development	679,173	461,068	-	-	679,173	461,068
Interest on long-term debt	76,732	92,062	-	-	76,732	92,062
Water and sewer	-	-	3,488,665	3,535,493	3,488,665	3,535,493
Stormwater management	-	-	364,142	337,655	364,142	337,655
Total expenses	7,315,306	7,599,421	3,852,807	3,873,148	11,168,113	11,472,569
Excess (deficit) of revenues over expenditures	1,562,791	920,737	(49,916)	(97,897)	1,512,875	822,840
Other financing sources (uses)						
transfers in (out)	(181,628)	(171,912)	181,628	171,912	-	-
Total other financing sources (uses)	(181,628)	(171,912)	181,628	171,912	-	-
Change in net position	1,381,163	748,825	131,712	74,015	1,512,875	822,840
Net position – July 1	8,177,537	7,428,712	6,657,847	6,583,832	14,835,384	14,012,544
Net position – June 30	\$ 9,558,700	\$ 8,177,537	\$ 6,789,559	\$ 6,657,847	\$ 16,348,259	\$ 14,835,384

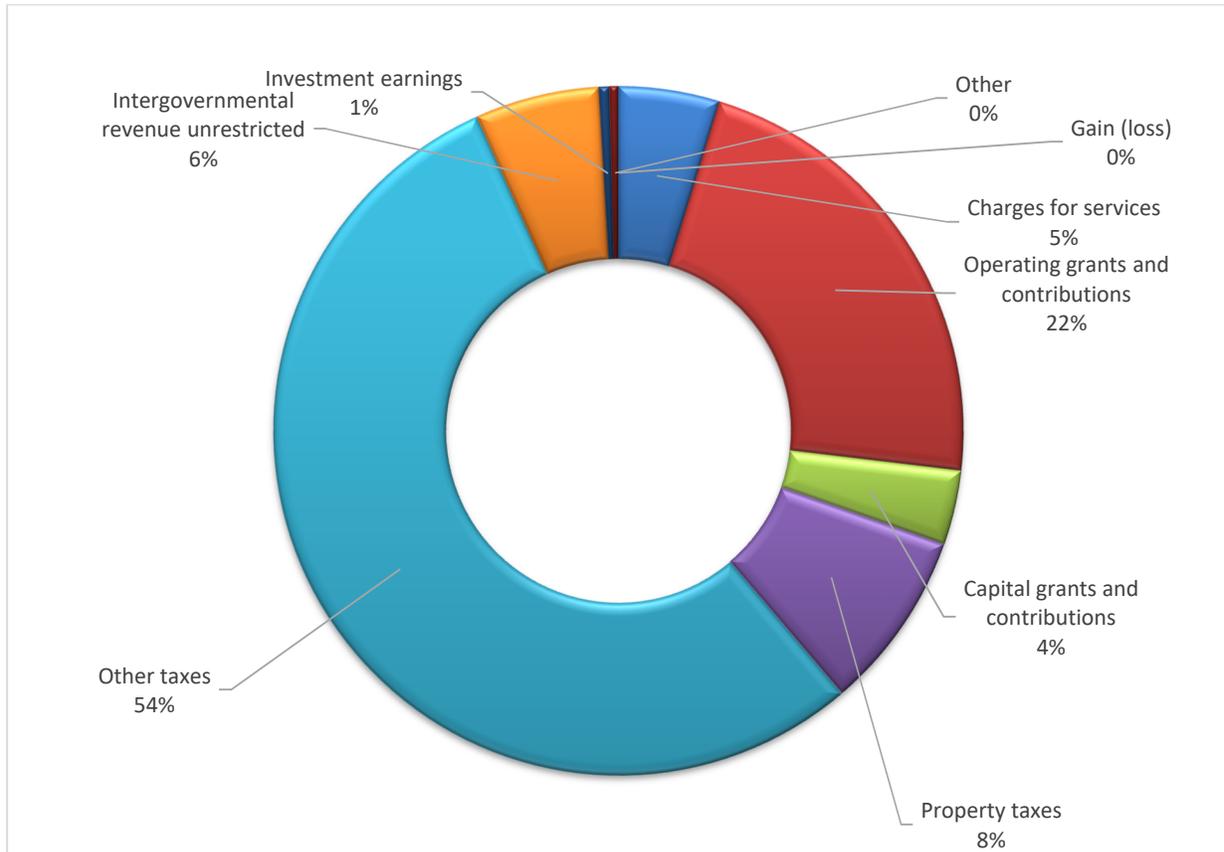
* Restated

Government-Wide Financial Analysis (Continued)

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Government-Wide Financial Analysis (Continued)

Business-type activities – Business-type activities increased the Town’s net position by \$131,712, when including the restated net position in Note 24. The last increase by the Town was effective July 1, 2020 with an increase in the service charge of 8.0% and an increase in the volumetric rate of 6.0%. There was no increase in fiscal year 2017, 2018, or 2019. Town Council adopted a multi-year rate schedule to include the same percentage increases in 2021, 2022 and 2023.

Financial Analysis of the Government’s Funds

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

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

As of the end of the current fiscal year, the Town’s governmental funds reported an ending fund balance of \$4,830,290, an increase of \$1,311,114 in comparison with the prior year. This is due to revenues performing above budget expectations, drastic reduction of expenditures due to pandemic uncertainty, a decrease in liabilities of \$150,635 (26.51%), an increase in committed fund balance with the re-opening of the capital fund, and an increase in nonspendable fund balance for land held for resale.

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

Unrestricted net position of the Water and Sewer Department at the end of the year amounted to \$2,414,970. Unrestricted net position of the Stormwater Management Department at the end of the year was a deficit of \$49,985. Factors concerning the finances of this fund have already been addressed in the discussion of the Town’s business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for revenues were \$2,796,192 primarily due to Categorical Aid amounting to \$3,146,216 for multi-year grant projects that cross fiscal years.

Differences between the original budget and the final amended budget for expenditures were \$4,106,182 with the majority being multi-year grant projects that cross fiscal years, with a majority being located in the General Government Administration remaining balance of \$2,894,881.

Multiple variances between the final budget and the actual final results for the year can be briefly summarized as follows:

There was only positive variance in real property taxes, and 107.11% of the budgeted amount was collected. The real property tax rate did not change from \$0.07 per \$100 of assessed value. The Town calculated about half the positive variance was prepayment for second half real estate bills.

There was a positive variance of other local taxes of \$235,747 or 105.09% of the budgeted amount was collected. This was primarily due to an increase in the business license revenue due to higher gross receipts reported by businesses on the 2020 filing and an over performance of sales tax and meals tax.

There continues to be a downward trend in a few revenue areas. In communication sales & use tax (previously called consumer’s utility tax) and rental income. These impacts are not only felt in the Town of Vinton, but across the region.

General Fund Budgetary Highlights (Continued)

All expenditures by budget functions have favorable variances, except Public Safety grant accounts, due to concerted efforts of all departments to control and minimize expenditures. The transfer to the Stormwater Fund was reduced \$96,955 from anticipated budget, and was a component of the favorable balance in the General Fund.

Capital Asset and Debt Administration

Capital assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure, machinery, and equipment. The total decrease in the Town’s investment in capital assets for the current fiscal year was 5.13% (a 2.47% decrease for governmental activities and a 7.44% decrease for business-type activities). Additional information on the Town’s capital assets can be found in Note 5 of this report.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019*	2020	2019*
Land	\$ 1,832,033	\$ 1,832,033	\$ 80,752	\$ 80,752	\$ 1,912,785	\$ 1,912,785
Buildings and systems	4,399,609	4,551,605	6,667,975	7,214,760	11,067,584	11,766,365
Infrastructure	1,662,811	1,806,111	-	-	1,662,811	1,806,111
Improvements other than buildings	-	-	1,997,428	2,141,389	1,997,428	2,141,389
Machinery and equipment	599,485	737,654	979,961	1,070,517	1,579,446	1,808,171
Construction in progress	360,699	151,287	-	-	360,699	151,287
Total	\$ 8,854,637	\$ 9,078,690	\$ 9,726,116	\$ 10,507,418	\$ 18,580,753	\$ 19,586,108

* Restated

Long-term debt – At the end of the current fiscal year, the Town had total debt outstanding of \$7,745,714. Of this amount, \$5,080,683 comprises debt backed by the full faith and credit of the government, \$1,513,000 is related to revenue bond obligations, and \$855,090 is related to capital leases.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019*	2020	2019*
General obligation bonds	\$ 1,985,234	\$ 2,311,756	\$ 3,095,449	\$ 3,453,480	\$ 5,080,683	\$ 5,765,236
Revenue bonds	-	-	1,513,000	1,687,000	1,513,000	1,687,000
Other obligations	75,352	139,296	221,589	236,861	296,941	376,157
Capital leases	296,746	352,931	558,344	666,344	855,090	1,019,275
	\$ 2,357,332	\$ 2,803,983	\$ 5,388,382	\$ 6,043,685	\$ 7,745,714	\$ 8,847,668

* Restated

Capital Asset and Debt Administration (Continued)

Long-term debt (continued)

The Town's total debt decreased by \$1,101,954, or 12.45%, during the fiscal year. This decrease is due to the payment of principal payment on outstanding debt.

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

Economic Factors and Next Year's Budgets and Rates

During the current year, the Town experienced a growth in revenue despite several health measures during the pandemic such as business closures. Several key revenue areas increased during the year, and pari-mutuel tax quickly became a top revenue source in the General Fund. The Town has previously had limited funding for capital items due to slow or negative growth from the last decade (2010-2019), and has dedicated this new revenue to improve and replace capital items vital to the Town's services.

- The unemployment rate for Roanoke County (no statistics are available for the Town individually) as of June 30, 2020 is 8.10%, which is a sharp increase from last year's rate of 2.90%. Unemployment is primarily due to the pandemic. This is comparable to the state's average unemployment rate as of June 30, 2020 of 8.10% and to the national average rate of 11.1%.
- The occupancy rate of the Town's central business district has remained at 90% for the past five years.
- Inflationary trends in the region compare favorably to national indices.
- No real property tax increase for calendar year 2020, but a reassessment increase in real estate values slightly increased the tax levy.

During the current fiscal year, the unassigned fund balance in the general fund increased by \$723,087. The general fund remains strong with an ending unassigned fund balance of \$3,668,974. It is intended that this available fund balance will be used for future needs of the Town and as working capital during the months of low cash collection volume.

Requests for Information

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

**BASIC
FINANCIAL STATEMENTS**

TOWN OF VINTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Totals	
			2020	(For Comparison Only) 2019
ASSETS				
Cash and cash equivalents (Note 2)	\$ 4,470,842	\$ 2,434,426	\$ 6,905,268	\$ 6,213,954
Receivables, net (Note 3)	471,929	707,658	1,179,587	1,094,287
Due from other governmental units (Note 4)	745,054	-	745,054	385,678
Inventories	109	63,988	64,097	58,798
Land held for resale	487,378	-	487,378	168,375
Prepays	91,444	31,785	123,229	86,217
Loans receivable	44,022	-	44,022	35,487
Cash and cash equivalents, restricted (Note 2)	26,107	46,652	72,759	98,432
Capital assets: (Note 5)				
Nondepreciable	2,192,732	80,752	2,273,484	2,064,072
Depreciable, net	6,661,905	9,645,364	16,307,269	17,522,036
Total assets	15,191,522	13,010,625	28,202,147	27,727,336
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	76,897	86,840	163,737	192,412
Deferred outflows related to pensions (Notes 8 & 11)	629,630	229,378	859,008	669,507
Deferred outflows related to other postemployment benefits (Notes 9, 10, & 11)	78,855	8,019	86,874	70,297
Total deferred outflows of resources	785,382	324,237	1,109,619	932,216
LIABILITIES				
Accounts payable and accrued liabilities	227,120	251,501	478,621	651,515
Accrued payroll and related liabilities	179,046	54,146	233,192	279,012
Accrued interest payable	14,050	39,129	53,179	60,226
Customer security deposits	-	46,500	46,500	45,700
Unearned revenue	11,345	-	11,345	14,889
Long-term liabilities due within one year (Note 6)	574,811	679,280	1,254,091	1,239,288
Noncurrent liabilities due in more than one year:				
Net pension liability (Notes 8 & 11)	1,647,165	600,911	2,248,076	1,688,228
Net other post employment benefit liability (Notes 9, 10 & 11)	545,415	59,091	604,506	814,537
Long-term liabilities due in more than one year (Note 6)	2,167,998	4,742,316	6,910,314	8,047,942
Total liabilities	5,366,950	6,472,874	11,839,824	12,841,337
DEFERRED INFLOWS OF RESOURCES				
Property taxes	690,728	-	690,728	671,614
Deferred inflows related to pensions (Notes 8 & 11)	135,925	49,588	185,513	269,618
Deferred inflow related to other postemployment benefits (Notes 9, 10, & 11)	224,601	22,841	247,442	41,599
Total deferred inflows of resources	1,051,254	72,429	1,123,683	982,831
NET POSITION				
Net investment in capital assets	6,634,748	4,424,574	11,059,322	11,799,307
Restricted for:				
Public safety	74,711	-	74,711	180,691
Unrestricted	2,849,241	2,364,985	5,214,226	2,855,386
Total net position	\$ 9,558,700	\$ 6,789,559	\$ 16,348,259	\$ 14,835,384

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2020	(For Comparison Only) 2019
Governmental activities								
General government administration	\$ 1,391,690	\$ 125,573	\$ 4,214	\$ 40,516	\$ (1,221,387)		\$ (1,221,387)	\$ (918,259)
Public safety	2,941,870	72,594	602,808	49,239	(2,217,229)		(2,217,229)	(3,185,692)
Public works	1,748,237	119,580	1,234,309	171,864	(222,484)		(222,484)	(492,641)
Parks, recreation, and cultural	477,604	97,708	-	200	(379,696)		(379,696)	(168,770)
Community development	679,173	4,592	125,144	48,154	(501,283)		(501,283)	(437,467)
Interest on long-term debt	76,732	-	-	-	(76,732)		(76,732)	(92,062)
Total governmental activities	7,315,306	420,047	1,966,475	309,973	(4,618,811)		(4,618,811)	(5,294,891)
Business-type activities								
Water and sewer	3,488,665	3,423,342	-	-	-	\$ (65,323)	(65,323)	(149,064)
Stormwater management	364,142	-	-	-	-	(364,142)	(364,142)	(337,655)
Total business-type activities	3,852,807	3,423,342	-	-	-	(429,465)	(429,465)	(486,719)
Total	\$ 11,168,113	\$ 3,843,389	\$ 1,966,475	\$ 309,973	(4,618,811)	(429,465)	(5,048,276)	(5,781,610)
General revenues								
					749,564	-	749,564	726,573
Property taxes (Note 15)					1,153,748	-	1,153,748	1,469,693
Sales tax					1,289,457	-	1,289,457	1,078,908
Meals tax					718,109	-	718,109	735,791
Utilities tax					638,888	-	638,888	586,739
Business license tax					175,687	-	175,687	153,104
Cigarette tax					857,653	-	857,653	514,563
Other local taxes					518,418	-	518,418	812,923
Intergovernmental revenue					42,406	8,271	50,677	10,872
Unrestricted investment earnings					3	-	3	48,991
Restricted investment earnings					-	-	-	16,580
Gain on sale of assets					37,669	371,278	408,947	449,713
Other					(181,628)	181,628	-	-
Transfers (Note 20)								
Total general revenues					5,999,974	561,177	6,561,151	6,604,450
Change in net position					1,381,163	131,712	1,512,875	822,840
NET POSITION AT JULY 1, AS RESTATED (NOTE 24)					8,177,537	6,657,847	14,835,384	14,012,544
NET POSITION AT JUNE 30					\$ 9,558,700	\$ 6,789,559	\$ 16,348,259	\$ 14,835,384

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

TOWN OF VINTON, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2020

	2020			2019
	General Fund	Capital Projects Fund	Total Governmental Funds	Total Governmental Funds (For Comparison Only)
ASSETS				
Cash and cash equivalents	\$ 4,073,571	\$ 397,271	\$ 4,470,842	\$ 4,020,198
Receivables, net	471,929	-	471,929	447,919
Due from other governmental units	745,054	-	745,054	385,678
Inventories	109	-	109	1,543
Land held for resale	487,378	-	487,378	168,375
Prepays	91,444	-	91,444	68,960
Loans receivable	44,022	-	44,022	35,487
Cash and cash equivalents, restricted	26,107	-	26,107	52,080
Total assets	<u>\$ 5,939,614</u>	<u>\$ 397,271</u>	<u>\$ 6,336,885</u>	<u>\$ 5,180,240</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 227,120	\$ -	\$ 227,120	\$ 327,904
Accrued payroll and related liabilities	179,046	-	179,046	225,353
Unearned revenue	11,345	-	11,345	14,889
Total liabilities	<u>417,511</u>	<u>-</u>	<u>417,511</u>	<u>568,146</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	1,089,084	-	1,089,084	1,092,948
FUND BALANCES (Note 21)				
Nonspendable	655,751	-	655,751	323,947
Restricted	74,711	-	74,711	180,691
Committed	30,000	397,271	427,271	30,000
Assigned	3,583	-	3,583	38,621
Unassigned	3,668,974	-	3,668,974	2,945,887
Total fund balances	<u>4,433,019</u>	<u>397,271</u>	<u>4,830,290</u>	<u>3,519,146</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,939,614</u>	<u>\$ 397,271</u>	<u>\$ 6,336,885</u>	<u>\$ 5,180,240</u>

TOWN OF VINTON, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2020**

	<u>Governmental Funds</u>	
		(For Comparison Only)
	<u>2020</u>	<u>2019</u>
Total Fund Balances – Governmental Fund	\$ 4,830,290	\$ 3,519,146
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 19,156,678	
Less: accumulated depreciation	<u>(10,302,041)</u>	
	8,854,637	9,078,689
Bond premiums are reported as revenues in the governmental funds, but are amortized over the life of the debt obligation in the statement of net position:		
Bond premiums total \$(65,279) and accumulated amortization is \$50,473.	(14,806)	(17,083)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	398,356	421,334
Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	629,630	
Other postemployment benefits	78,855	
Deferred inflows related to:		
Pensions	(135,925)	
Other postemployment benefits	(224,601)	
Net pension liability	(1,647,165)	
Net other postemployment benefits liability	<u>(545,415)</u>	
	(1,844,621)	(1,705,184)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds, including unamortized deferred amounts	(1,908,337)	
Obligations payable – Roanoke County and RCACP	(75,352)	
Capital lease obligations	(296,746)	
Accrued interest payable	(14,050)	
Compensated absences	<u>(370,671)</u>	
	(2,665,156)	(3,119,365)
Total Net Position – Governmental Activities	<u>\$ 9,558,700</u>	<u>\$ 8,177,537</u>

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

TOWN OF VINTON, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	2020			2019
	General Fund	Capital Projects Fund	Total Governmental Funds	Total Governmental Funds (For Comparison Only)
REVENUES				
General property taxes	\$ 742,567	\$ -	\$ 742,567	\$ 700,649
Other local taxes	4,863,517	-	4,863,517	4,545,688
Permits, privilege fees, and regulatory licenses	4,592	-	4,592	6,408
Fines and forfeitures	54,486	-	54,486	60,652
Revenues from use of money and property	159,655	-	159,655	169,995
Charges for services	115,380	-	115,380	382,806
Other	134,151	-	134,151	136,351
Gain sharing	134,486	-	134,486	600,983
Recovered costs	34,671	-	34,671	67,319
Non-categorical aid	459,083	-	459,083	418,427
Categorical aid	2,198,487	-	2,198,487	1,395,267
Total revenues	<u>8,901,075</u>	<u>-</u>	<u>8,901,075</u>	<u>8,484,545</u>
EXPENDITURES				
Current:				
General government administration	835,575	-	835,575	711,058
Public safety	2,821,897	-	2,821,897	3,577,731
Public works	1,377,264	-	1,377,264	1,485,888
Parks, recreation, and cultural	457,443	-	457,443	515,693
Community development	871,782	-	871,782	458,435
Capital projects	330,410	202,741	533,151	948,721
Debt service:				
Principal retirement	446,651	-	446,651	414,532
Interest and fiscal charges	64,540	-	64,540	77,568
Total expenditures	<u>7,205,562</u>	<u>202,741</u>	<u>7,408,303</u>	<u>8,189,626</u>
Excess (deficit) of revenues over expenditures	<u>1,695,513</u>	<u>(202,741)</u>	<u>1,492,772</u>	<u>294,919</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease	-	-	-	157,053
Proceeds from sale of capital assets	-	-	-	16,580
Transfers in	-	600,012	600,012	-
Transfers out	(781,640)	-	(781,640)	(171,912)
Total other financing sources (uses)	<u>(781,640)</u>	<u>600,012</u>	<u>(181,628)</u>	<u>1,721</u>
Net change in fund balance	913,873	397,271	1,311,144	296,640
FUND BALANCE AT JULY 1, AS RESTATED (NOTE 24)	<u>3,519,146</u>	<u>-</u>	<u>3,519,146</u>	<u>3,222,506</u>
FUND BALANCE AT JUNE 30	<u>\$ 4,433,019</u>	<u>\$ 397,271</u>	<u>\$ 4,830,290</u>	<u>\$ 3,519,146</u>

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

TOWN OF VINTON, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020**

	<u>Governmental Funds</u>	
	(For	
	Comparison	
	Only)	
	<u>2020</u>	<u>2019</u>
Net change in fund balance governmental fund	\$ 1,311,144	\$ 296,640
Amounts reported for governmental activities in the statement of activities are different because:		
The net effect of the change in accrued interest expense is not reflected in the fund statements.	2,089	(212)
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation \$618,708 exceeded capital outlay \$394,655 and the value of capital assets disposed in the current period.	(224,053)	20,197
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(22,977)	19,034
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which expense \$424,317 exceeded employer pension contributions \$268,252 in the current period.	(156,065)	213,763
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.		
Employer other postemployment benefit contributions	\$16,633	
Other postemployment benefits expense	<u>(5)</u>	
	16,628	(35,259)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences.	432,370	243,197
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of a decrease in compensated absences.	<u>22,027</u>	<u>(8,535)</u>
Change in net position of governmental activities	<u>\$ 1,381,163</u>	<u>\$ 748,825</u>

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

TOWN OF VINTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
General property taxes	\$ 693,300	\$ 693,300	\$ 742,567	\$ 49,267
Other local taxes	4,527,770	4,627,770	4,863,517	235,747
Permits, privilege fees, and regulatory licenses	5,750	5,750	4,592	(1,158)
Fines and forfeitures	57,100	57,100	54,486	(2,614)
Revenues from use of money and property	158,000	158,000	159,655	1,655
Charges for services	144,750	144,750	115,380	(29,370)
Other	118,250	118,850	134,151	15,301
Gain sharing	-	111,676	134,486	22,810
Recovered costs	10,000	15,608	34,671	19,063
Non-categorical aid	419,760	419,760	459,083	39,323
Categorical aid	1,396,190	5,344,703	2,198,487	(3,146,216)
Total revenues	7,530,870	11,697,267	8,901,075	(2,796,192)
EXPENDITURES				
Current:				
General government administration	715,410	3,730,456	835,575	2,894,881
Public safety	2,695,738	2,741,582	2,821,897	(80,315)
Public works	1,555,053	1,518,478	1,377,264	141,214
Parks, recreation, and cultural	526,725	514,775	457,443	57,332
Community development	513,426	1,085,479	871,782	213,697
Capital projects	282,650	1,208,280	330,410	877,870
Debt service:				
Principal retirement	446,708	446,651	446,651	-
Interest and fiscal charges	66,043	66,043	64,540	1,503
Total expenditures	6,801,753	11,311,744	7,205,562	4,106,182
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Transfers out	(730,117)	(931,793)	(781,640)	150,153
Total other financing sources	(729,117)	(930,793)	(781,640)	149,153
Net change in fund balance	\$ -	\$ (545,270)	\$ 913,873	\$ 1,459,143

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

TOWN OF VINTON, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Business-Type Activities – Enterprise Funds			Total Enterprise (For Comparison Only)
	2020		2019	
	Water and Sewer	Stormwater Management	Total Enterprise	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,385,943	\$ 48,483	\$ 2,434,426	\$ 2,193,757
Receivables, net	707,658	-	707,658	646,368
Inventories	62,289	1,699	63,988	57,255
Prepays	26,721	5,064	31,785	17,257
Cash and cash equivalents, restricted	46,652	-	46,652	46,352
Total current assets	3,229,263	55,246	3,284,509	2,960,989
Noncurrent assets:				
Capital assets:				
Nondepreciable	80,752	-	80,752	80,752
Depreciable, net	9,448,876	196,488	9,645,364	10,426,666
Total noncurrent assets	9,529,628	196,488	9,726,116	10,507,418
Total assets	12,758,891	251,734	13,010,625	13,468,407
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	86,840	-	86,840	98,957
Deferred outflows related to pensions (Notes 8 & 11)	186,472	42,906	229,378	151,194
Deferred outflows related to other postemployment benefits (Notes 9, 10, & 11)	6,682	1,337	8,019	6,943
Total deferred outflows of resources	279,994	44,243	324,237	257,094
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	249,993	1,508	251,501	323,611
Accrued payroll and related liabilities	42,786	11,360	54,146	53,659
Accrued interest payable	39,129	-	39,129	44,087
Customer security deposits	46,500	-	46,500	45,700
Current portion of noncurrent liabilities (Note 6)	646,684	32,596	679,280	663,046
Total current liabilities	1,025,092	45,464	1,070,556	1,130,103
Noncurrent liabilities:				
Net pension liability (Notes 8 & 11)	488,507	112,404	600,911	381,250
Net other postemployment benefit liability (Notes 9, 10, & 11)	50,369	8,722	59,091	80,884
Due in more than one year (Note 6)	4,561,445	180,871	4,742,316	5,410,420
Total noncurrent liabilities	5,100,321	301,997	5,402,318	5,872,554
Total liabilities	6,125,413	347,461	6,472,874	7,002,657
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions (Notes 8 & 11)	40,312	9,276	49,588	60,888
Deferred inflows related to other postemployment benefits (Notes 9, 10, & 11)	19,034	3,807	22,841	4,109
Total deferred inflows of resources	59,346	13,083	72,429	64,997
NET POSITION				
Net investment in capital assets	4,439,156	(14,582)	4,424,574	5,051,330
Unrestricted	2,414,970	(49,985)	2,364,985	1,606,517
Total net position	\$ 6,854,126	\$ (64,567)	\$ 6,789,559	\$ 6,657,847

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities –			
	Enterprise Fund			
	2020		2019	
				(For Comparison
				Only)
	Water and Sewer	Stormwater	Total Enterprise	Total Enterprise
		Management		
OPERATING REVENUES				
Water service charges and fees	\$ 1,596,474	\$ -	\$ 1,596,474	\$ 1,573,041
Sewer service charges and fees	1,795,142	-	1,795,142	1,764,815
Water/sewer penalties	31,726	-	31,726	48,573
Other revenue	371,278	-	371,278	379,813
Total operating revenues	<u>3,794,620</u>	<u>-</u>	<u>3,794,620</u>	<u>3,766,242</u>
OPERATING EXPENSES				
Salaries	758,548	179,481	938,029	952,990
Fringe benefits	401,295	97,793	499,088	346,200
Contractual services	58,361	10,836	69,197	106,208
Maintenance	242,371	-	242,371	229,704
Rent, utilities, and insurance	265,171	930	266,101	260,816
Materials and supplies	110,737	8,716	119,453	107,034
Equipment repairs and rentals	79,594	-	79,594	56,972
Sewage treatment	349,799	-	349,799	457,041
Purchase of water	148,525	-	148,525	143,775
Other	131,565	25,280	156,845	207,234
Depreciation	786,351	34,172	820,523	820,983
Total operating expenses	<u>3,332,317</u>	<u>357,208</u>	<u>3,689,525</u>	<u>3,688,957</u>
Operating income (loss)	<u>462,303</u>	<u>(357,208)</u>	<u>105,095</u>	<u>77,285</u>
NON-OPERATING REVENUE (EXPENSE)				
Interest income	8,271	-	8,271	9,009
Interest expense	(156,348)	(6,934)	(163,282)	(184,191)
Net non-operating expense	<u>(148,077)</u>	<u>(6,934)</u>	<u>(155,011)</u>	<u>(175,182)</u>
Income (loss) before transfers	314,226	(364,142)	(49,916)	(97,897)
TRANSFERS IN (OUT)	<u>(181,628)</u>	<u>363,256</u>	<u>181,628</u>	<u>171,912</u>
Change in net position	132,598	(886)	131,712	74,015
NET POSITION AT JULY 1, AS RESTATED (NOTE 24)	<u>6,721,528</u>	<u>(63,681)</u>	<u>6,657,847</u>	<u>6,583,832</u>
NET POSITION AT JUNE 30	<u>\$ 6,854,126</u>	<u>\$ (64,567)</u>	<u>\$ 6,789,559</u>	<u>\$ 6,657,847</u>

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities – Enterprise Fund			
	2020			2019
	Water and Sewer	Stormwater Management	Total Enterprise	Total Enterprise (For Comparison Only)
OPERATING ACTIVITIES				
Receipts from customers	\$ 3,362,852	\$ -	\$ 3,362,852	\$ 3,370,500
Receipts from other sources	371,278	-	371,278	379,813
Payments to suppliers	(1,489,764)	(51,285)	(1,541,049)	(1,622,988)
Payments to employees	(1,056,686)	(250,471)	(1,307,157)	(1,325,059)
Net cash provided by (used in) operating activities	1,187,680	(301,756)	885,924	802,266
NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	(181,628)	363,256	181,628	171,912
CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(23,428)	-	(23,428)	(546,442)
Principal paid on long-term liabilities	(623,670)	(31,633)	(655,303)	(591,312)
Proceeds from long-term liabilities	-	-	-	3,500
Interest paid	(149,189)	(6,934)	(156,123)	(178,562)
Net cash used in capital and related financing activities	(796,287)	(38,567)	(834,854)	(1,312,816)
INVESTING ACTIVITIES				
Interest received on investments	8,271	-	8,271	9,009
Net increase (decrease) in cash and cash equivalents	218,036	22,933	240,969	(329,629)
CASH AND CASH EQUIVALENTS				
Beginning at July 1, as restated	2,214,559	25,550	2,240,109	2,569,738
Ending at June 30	\$ 2,432,595	\$ 48,483	\$ 2,481,078	\$ 2,240,109
RECONCILIATION TO EXHIBIT 8				
Cash and cash equivalents	\$ 2,385,943	\$ 48,483	\$ 2,434,426	\$ 2,193,757
Cash and cash equivalents, restricted	46,652	-	46,652	46,352
	\$ 2,432,595	\$ 48,483	\$ 2,481,078	\$ 2,240,109
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 462,303	\$ (357,208)	\$ 105,095	\$ 77,285
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	786,351	34,172	820,523	820,983
Pension expense net of employer contributions	106,936	23,241	130,177	(37,831)
Other postemployment benefit expense net of employer contributions	(4,862)	725	(4,137)	3,531
Change in certain assets and liabilities:				
(Increase) decrease in:				
Receivables, net	(61,290)	-	(61,290)	(17,529)
Inventories	(5,034)	(1,699)	(6,733)	(9,695)
Prepays	(11,632)	(2,896)	(14,528)	(163)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(86,975)	(928)	(87,903)	(44,346)
Accrued payroll and related liabilities	(85)	572	487	2,870
Customer security deposits	800	-	800	1,600
Compensated absences	1,168	2,265	3,433	5,561
Net cash provided by (used in) operating activities	\$ 1,187,680	\$ (301,756)	\$ 885,924	\$ 802,266
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset purchases included in accounts payable	\$ 42,564	\$ -	\$ 42,564	\$ 26,771
Capital asset purchases using capital lease proceeds	\$ -	\$ -	\$ -	\$ 239,203

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

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

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

Vinton provides a full range of municipal services including police, refuse collection, recycling, public improvements, planning and zoning, general administrative services, recreation, and water and sewer services.

Jointly Governed Organizations

Roanoke Valley Resource Authority

The Town of Vinton, Roanoke County, and the City of Roanoke jointly participate in the Roanoke Valley Resource Authority, which operates a regional solid waste disposal system that includes a sanitary landfill, waste collection, and transfer station. The Authority is governed by a board composed of seven members appointed by the governing bodies of participating jurisdictions. Town Council appoints one member. The Town has control over the budget and financing of the Authority only to the extent of representation by the board member appointed. The participating localities are each responsible for their pro-rata share, based on population, of any year-end operating deficit. For the current year, the Town remitted \$199,852 to the Authority for services. A separate financial statement can be obtained from the Roanoke Valley Resource Authority, 110 Hollins Road, NE, Roanoke, Virginia 24012.

Roanoke Valley Regional Pound Facility

The Counties of Roanoke and Botetourt, the City of Roanoke, the Town of Vinton, and the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. formed the Advisory Board of the Roanoke Valley Regional Pound Facility to construct and operate a regional pound facility. The Board is composed of nine members. Each locality’s financial obligation is based on the number of animals caged per day at the facility. The County of Roanoke assumed responsibility for the Town’s percentage of the costs as part of the new memorandum of understanding with the County of Roanoke that went into effect on July 1, 2019. Separate financial statements are not available.

Roanoke County Emergency Communications Center

The Town participates in an intergovernmental agreement with the County of Roanoke for the operation of a E-911 dispatch center. All personnel of the Center are employees of Roanoke County. The Director of Communications & Information Technology in coordination with the Emergency Communications Center Advisory Board is responsible for oversight of the Center. The Assistant Director for Communications and Information Technology is responsible for the day-to-day operational management of the Center. The Town and County of Roanoke contribute to the operational cost of the Center based on the pro rata share of call volume. The Town’s share of the operating cost was approximately \$450,549 in the current year. Separate financial statements are not available.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Jointly Governed Organizations (Continued)

Western Virginia Regional Industrial Facility Authority

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

B. Individual Component Unit Disclosures

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

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenue as available if it is collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The *capital projects fund* is used to account for financial resources which have been segregated for the acquisition or construction of major capital facilities.

The Town reports the following major proprietary funds:

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

E. Budgets and Budgetary Accounting

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

- 1) Prior to June 30, the Town Manager submits to Council a proposed operating and capital budget for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to June 30, the budgets for the general and enterprise funds are legally enacted through passage of an appropriations ordinance. Town Council may, from time to time, amend the budget providing for additional expenditures and the means for financing them. Town Council approved additional general fund appropriations of approximately \$4,712,000 during the fiscal year ended June 30, primarily for capital projects deferred from the prior year and additional operating expenditures.
- 4) The appropriations ordinance places legal restrictions on expenditures at the department or function level. Management can over-expend at the line item level without approval of Town Council. The appropriation for each department or function can be revised only by Town Council. The Town Manager is authorized to transfer budget amounts within departments. All budget data presented in Exhibit 7 is at the legal level of budgetary control.
- 5) Formal budgetary integration is employed as a management control device during the year for the general and enterprise funds.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting (Continued)

- 6) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7) Appropriations lapse on June 30.
- 8) All budget data presented in the accompanying financial statements are revised as of June 30.

F. Cash and Cash Equivalents

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

G. Allowance for Uncollectible Accounts

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

H. Inventories

Inventories are valued at cost. Inventories are accounted for under the consumption method, where inventories are recorded as expenditures when consumed, rather than when purchased.

I. Prepaid Items

Governmental fund prepaid items consist primarily of health insurance premiums payments incurred for periods in a subsequent fiscal year. Prepaid items are accounted for using the consumption method. The payments are recorded as expenditures in the fiscal year related to the coverage period.

Proprietary fund prepaid items consist primarily of inventory purchased before year end but not received and on hand until after year end. Prepaid items are accounted for using the consumption method. The costs of these items are expensed in the subsequent fiscal year when they are actually consumed or used.

J. Land Held for Resale

Land held for resale represents a property that was purchased by the Town for the purposes of economic development. The Town intends to sell the property as soon as possible and thus it will not be placed into service to benefit the Town.

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

K. Capital Assets

Capital assets, which include property, plant, and equipment, and infrastructure assets acquired subsequent to July 1, 2001, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. *Capital assets* are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

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

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

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

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows or resources. These items represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

M. Compensated Absences

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

N. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements relating to pension and OPEB plans, information about the fiduciary net position of the Town's plans and the additions to/deductions from the Town's plan's net fiduciary net 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.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

O. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, *long-term debt* and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

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

P. Fund Balances

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

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

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

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

Minimum Fund Balance Policy

The Town strives to maintain a General Fund reserve equal to two months of discretionary General Fund revenues.

Q. Net Position

The storm water management fund has a deficit of \$14,582 in net investment in capital assets due to the difference of when a new vehicle was placed into service and begun depreciation and the principal amount outstanding at year end.

R. Estimates

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

S. Comparative Information

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 1. Summary of Significant Accounting Policies (Continued)

T. Reclassifications

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

Note 2. Deposits and Investments

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. seq. of the *Code of Virginia*. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Investment Policy

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, and bankers’ acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP). Pursuant to Section 2.1-234.7 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regulatory scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share). The investment policy (the “Policy”) specifies that no investment may have a maturity greater than one year from the date of purchase.

Credit Risk

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk (Continued)

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

Interest Rate Risk

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

Custodial Credit Risk

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

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

Deposits	<u>\$ 6,975,755</u>
 Reconciliation of deposits to Exhibit 1:	
Cash and cash equivalents, excluding \$2,272 cash on hand	\$ 6,902,996
Cash and cash equivalents, restricted	<u>72,759</u>
 Total deposits	 <u>\$ 6,975,755</u>

Restricted cash and cash equivalents consists of \$46,600 of utility deposits, \$24,781 of evidence found, and \$1,378 of flex benefit spending that can only be used for specific purposes.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 3. Receivables

Receivables consist of the following:

	Governmental Activities	Business-type Activities	Total
Receivables			
Taxes	\$ 641,931	\$ -	\$ 641,931
Accounts	12,819	779,149	791,968
Gross receivables	654,750	779,149	1,433,899
Less allowance for uncollectibles	182,821	71,491	254,312
Receivables, net	\$ 471,929	\$ 707,658	\$ 1,179,587

Note 4. Due from Other Governmental Units

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

	Governmental Activities
Commonwealth of Virginia	
Communication taxes	\$ 46,224
Rolling stock tax	8,484
Miscellaneous non-categorical aid	163
	54,871
Federal Government	
ATF Recoveries	323,468
Other	164,773
	488,241
County of Roanoke	
Local sales taxes	199,159
Other	2,783
	201,942
	\$ 745,054

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5. Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance (Restated)	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	\$ 1,832,033	\$ -	\$ -	\$ 1,832,033
Construction in progress	151,287	209,412	-	360,699
Total capital assets, not depreciated	<u>1,983,320</u>	<u>209,412</u>	<u>-</u>	<u>2,192,732</u>
Capital assets, depreciated				
Buildings and improvements	9,560,717	121,492	-	9,682,209
Machinery and equipment	4,561,019	35,867	(802,289)	3,794,597
Infrastructure	3,459,256	27,884	-	3,487,140
Total capital assets, depreciated	<u>17,580,992</u>	<u>185,243</u>	<u>(802,289)</u>	<u>16,963,946</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,009,112)	(273,488)	-	(5,282,600)
Machinery and equipment	(3,823,365)	(174,036)	802,289	(3,195,112)
Infrastructure	(1,653,145)	(171,184)	-	(1,824,329)
Total accumulated depreciation	<u>(10,485,622)</u>	<u>(618,708)</u>	<u>802,289</u>	<u>(10,302,041)</u>
Total capital assets, depreciated, net	<u>7,095,370</u>	<u>(433,465)</u>	<u>-</u>	<u>6,661,905</u>
Governmental activities capital assets, net	<u>\$ 9,078,690</u>	<u>\$ (224,053)</u>	<u>\$ -</u>	<u>\$ 8,854,637</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 5. Capital Assets (Continued)

<u>Business-type Activities</u>	<u>Beginning Balance (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 80,752	\$ -	\$ -	\$ 80,752
Total capital assets, not depreciated	<u>80,752</u>	<u>-</u>	<u>-</u>	<u>80,752</u>
Capital assets, depreciated				
Utility plant	19,427,860	39,221	-	19,467,081
Sewage treatment contract	4,111,373	-	-	4,111,373
Machinery and equipment	2,331,038	-	(40,084)	2,290,954
Total capital assets, depreciated	<u>25,870,271</u>	<u>39,221</u>	<u>(40,084)</u>	<u>25,869,408</u>
Less accumulated depreciation for:				
Utility plant	(12,213,100)	(586,006)	-	(12,799,106)
Sewage treatment contract	(1,969,984)	(143,961)	-	(2,113,945)
Machinery and equipment	(1,260,521)	(90,556)	40,084	(1,310,993)
Total accumulated depreciation	<u>(15,443,605)</u>	<u>(820,523)</u>	<u>40,084</u>	<u>(16,224,044)</u>
Total capital assets, depreciated, net	<u>10,426,666</u>	<u>781,302</u>	<u>-</u>	<u>9,645,364</u>
Business-type activities capital assets, net	<u>\$ 10,507,418</u>	<u>\$ (781,302)</u>	<u>\$ -</u>	<u>\$ 9,726,116</u>

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

Governmental activities	
General government administration	\$ 360,347
Public safety	33,870
Public works	224,491
	<u>\$ 618,708</u>
Business-type activities	
Water and sewer	\$ 786,351
Stormwater management	34,172
	<u>\$ 820,523</u>

Construction Commitments

The Town has a \$307,000 construction commitment for the Glade Creek Greenway construction project as of June 30, 2020.

TOWN OF VINTON, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 5. Capital Assets (Continued)

Sewage Treatment Contract

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

The plant upgraded its facilities in 2017 to improve compliance with DEQ peak flow requirements. Modifications costing approximately \$17 million were completed. The Town's share was \$1,039,443, which was funded with general obligation bonds issued through the Virginia Resources Authority.

The plant upgraded its Tinker Creek Interceptor in 2015 to reduce inflow and infiltration as well as mitigate overflow. Modifications costing approximately \$5 million were completed. The Town's share was approximately 5.5% or \$294,000, which was funded with an obligation payable to the Western Virginia Water Authority.

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

Note 6. Long-Term Liabilities

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,311,756	\$ -	\$ (326,522)	\$ 1,985,234	\$ 330,638
Obligation payable – Roanoke County	111,000	-	(55,500)	55,500	55,500
Obligation payable – RCACP	28,296	-	(8,444)	19,852	8,652
Bond premiums	17,083	-	(2,277)	14,806	-
Capital leases	352,931	-	(56,185)	296,746	57,700
Compensated absences	392,698	107,564	(129,591)	370,671	122,321
	<u>\$ 3,213,764</u>	<u>\$ 107,564</u>	<u>\$ (578,519)</u>	<u>\$ 2,742,809</u>	<u>\$ 574,811</u>
Business-type Activities					
General obligation bonds	\$ 3,453,480	\$ -	\$ (358,031)	\$ 3,095,449	\$ 369,175
Revenue bonds	1,687,000	-	(174,000)	1,513,000	175,000
Obligation payable – WVWA	236,861	-	(15,272)	221,589	15,636
Capital leases	666,344	-	(108,000)	558,344	110,818
Compensated absences	29,781	11,176	(7,743)	33,214	8,651
	<u>\$ 6,073,466</u>	<u>\$ 11,176</u>	<u>\$ (663,046)</u>	<u>\$ 5,421,596</u>	<u>\$ 679,280</u>

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Long-Term Liabilities (Continued)

Governmental activities' compensated absences, pension liabilities, and other post-employment liabilities are generally liquidated by the general fund.

Governmental Activities						
Fiscal Year	General Obligation Bonds		Capital Leases		Obligations Payable Roanoke County and RCACP	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 330,638	\$ 47,801	\$ 57,700	\$ 7,792	\$ 64,152	\$ 409
2022	339,388	39,635	59,256	6,215	8,868	194
2023	343,733	31,407	60,855	4,595	2,332	14
2024	356,578	22,797	62,497	2,930	-	-
2025	358,897	14,032	44,064	1,219	-	-
2026-2027	256,000	11,079	12,374	198	-	-
	\$1,985,234	\$ 166,751	\$ 296,746	\$ 22,949	\$ 75,352	\$ 617
Business-type Activities						
Fiscal Year	General Obligation Bonds		Revenue Bonds		Obligation Payable WVWA	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 369,175	\$ 90,055	\$ 175,000	\$ 29,223	\$ 15,636	\$ 5,075
2022	380,671	78,561	181,000	25,574	16,006	4,706
2023	392,524	66,708	181,000	21,863	16,384	4,328
2024	404,748	54,484	186,000	18,101	16,771	3,940
2025	373,611	41,878	191,000	14,237	17,168	3,544
2026-2030	834,838	94,903	599,000	18,563	92,120	11,437
2031-2033	339,882	14,716	-	-	47,504	1,522
	\$ 3,095,449	\$ 441,305	\$ 1,513,000	\$ 127,561	\$ 221,589	\$ 34,552

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Long-Term Liabilities (Continued)

Fiscal Year	Business-type Activities	
	Capital Leases	
	Principal	Interest
2021	\$ 110,818	\$ 14,069
2022	113,709	11,178
2023	111,764	8,210
2024	109,729	5,333
2025	74,458	2,436
2026	37,866	860
	\$ 558,344	\$ 42,086

The revenue bond has been issued in accordance with the terms of an indenture agreement with the Virginia Municipal League/Virginia Association of Counties. The indenture agreement requires the Town to pledge its Water and Sewer Fund Revenues as collateral for the revenue bond and to maintain revenues in the Water and Sewer Fund equal to at least 1.20 of all debt service payments which exclude any refunded principal payments. The pledged revenue coverage ratio for the year ended June 30, 2020 was 1.63. Statistical Section Table 11 presents the pledged revenue coverage ratio.

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business- Type Activities
<u>General Obligation Bonds</u>						
Virginia Resource Authority:						
G.O. Public Improvement Bonds	3.64-4.96%	06/01/06	10/01/26	\$ 755,000	\$ 350,000	\$ -
Virginia Revolving Loan Fund:						
G.O. Water and Sewer Bonds	3.30%	07/24/03	07/01/24	1,250,704	-	363,069
G.O. Water and Sewer Bonds	3.10%	10/01/04	10/01/26	2,479,000	-	996,177
G.O. Water and Sewer Bonds	3.10%	01/12/06	03/01/26	1,210,000	-	452,069
Virginia Association of Counties:						
G.O. Refunding Bonds	2.05%	05/25/16	02/01/27	702,000	494,000	-
Capital One Public Funding:						
G.O. Public Improvement Bonds	2.85%	06/27/13	11/01/32	1,993,152	-	1,284,134
Carter Bank and Trust:						
G.O. Refunding Bonds	2.05%	06/27/13	11/01/24	2,228,409	1,141,234	-
					1,985,234	3,095,449
				Plus bond premium, net of amortization	14,806	-
					\$ 2,000,040	\$ 3,095,449

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 6. Long-Term Liabilities (Continued)

Details of long-term indebtedness are as follows: (Continued)

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Revenue Bonds</u>						
Virginia Association of Counties:						
Revenue Water and Sewer Bonds	2.05%	05/25/16	08/01/27	\$ 1,786,000	\$ -	\$ 1,513,000
<u>Capital Lease</u>						
U.S. Bancorp	2.29%	12/29/17	12/29/22	\$ 46,171	\$ -	\$ 23,742
U.S. Bancorp	2.43%	12/29/17	12/29/24	746,241	170,506	323,532
Home Trust Bank	3.10%	07/27/18	07/27/25	157,053	126,186	-
Signature Public Funding Corp.	3.02%	04/19/19	04/19/26	242,703	-	211,070
					<u>\$ 296,692</u>	<u>\$ 558,344</u>
<u>Obligations Payable</u>						
Roanoke County	0.00%	07/01/11	07/01/20	\$ 625,000	\$ 55,500	\$ -
RCACP	2.95%	12/31/13	09/30/22	73,180	19,852	-
WVWA	2.35%	03/01/15	09/01/32	294,516	-	221,589
					<u>\$ 75,352</u>	<u>\$ 221,589</u>

Note 7. Performance Agreements

The Town has committed funds for several performance agreements with local businesses to encourage redevelopment and economic growth in the Town. In exchange, the Town will provide funding equal to annual meals tax generated by the business or make annual payments as performance benchmarks are met, depending on the agreement. The expected maturity of the total payouts is June 30, 2031. As of June 30, 2020, the amount earned is \$327,347 and the amount unearned is \$862,466.

Note 8. Defined Benefit Pension Plan

Plan Description

All full-time, salaried permanent employees of the Town of Vinton, (the "Political Subdivision") are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent 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.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 8. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

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

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	76
Inactive members:	
Vested inactive members	25
Non-vested inactive members	22
Inactive members active elsewhere in VRS	53
Total inactive members	100
Active members	83
Total covered employees	259

Contributions

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

The political subdivision’s contractually required contribution rate for the year ended June 30, 2020 was 11.69% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$365,794 and \$424,410 for the years ended June 30, 2020 and June 30, 2019, respectively.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 8. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The political subdivision's net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, 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 rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various setbacks or set forwards for both males and females.

TOWN OF VINTON, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 8. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjustment to rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.77	1.23
MAPS- Multi-Asset Public Strategies	6.00	3.52	0.21
PIP- Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		5.13 %
	Inflation		2.50 %
		*Expected arithmetic nominal return	7.63 %

(Continued)

TOWN OF VINTON, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 8. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return (Continued)

- * The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF VINTON, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 8. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2018	\$ 18,955,546	\$ 17,267,318	\$ 1,688,228
Changes for the year:			
Service cost	468,134	-	468,134
Interest	1,285,883	-	1,285,883
Changes of assumptions	565,700	-	565,700
Differences between expected and actual experience	(51,996)	-	(51,996)
Contributions – employer	-	413,427	(413,427)
Contributions – employee	-	173,246	(173,246)
Net investment income	-	1,133,463	(1,133,463)
Benefit payments, including refunds of employee contributions	(1,171,567)	(1,171,567)	-
Administrative expenses	-	(11,552)	11,552
Other changes	-	(711)	711
Net changes	1,096,154	536,306	559,848
Balances at June 30, 2019	\$ 20,051,700	\$ 17,803,624	\$ 2,248,076

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

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability	\$ 4,828,505	\$ 2,248,076	\$ 192,749

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 8. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2020, the political subdivision recognized pension expense of \$640,730. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 122,583	\$ 34,067
Change in assumptions	370,631	-
Net difference between projected and actual earnings on pension plan investments	-	151,446
Employer contributions subsequent to the measurement date	365,794	-
Total	\$ 859,008	\$ 185,513

The \$365,794 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Increase (Reduction) to Pension Expense
2021	\$ 296,429
2022	3,968
2023	(3,243)
2024	10,547
2025	-
Thereafter	-

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 8. Defined Benefit Pension Plan (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2020, approximately \$29,856 was payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

Note 9. Other Postemployment Benefits Liability – Local Plan

Plan Description and Benefits Provided

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

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

The plan does not provide audited financial statements.

Funding Policy

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

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

Employees Covered by Benefit Terms

As of the January 1, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	Number
Inactive employees or beneficiaries	3
Active plan members	62
	65

Total OPEB Liability

The Town’s total OPEB liability of \$303,506 was measured as of June 30, 2020 and was determined based on an actuarial valuation performed as of January 1, 2020.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases, including inflation	2.21% plus a variable merit component that is dependent on years of service
Healthcare cost trend rates	3.70% initially, grading up to 4.20% ultimately
Retirees’ share of benefit-related costs	\$-0-

Mortality rates: Ranges from 0.00016 to 0.09286.

(Continued)

TOWN OF VINTON, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial VRS experience over the four-year period ending June 30, 2016.

Changes in assumptions and other inputs reflect plan changes, effect of economic/demographic gains or losses, and effect of assumptions changes or inputs.

Changes in the Total OPEB Liability

Balance at June 30, 2019	\$ 513,537
Changes for the year:	
Service cost	35,863
Interest	18,608
Economic/demographic gains	(171,794)
Assumption or other input changes	(56,902)
Benefit payments	(35,806)
Net changes	(210,031)
Balance at June 30, 2020	\$ 303,506

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current discount rate:

	1.00% Decrease (1.21%)	Current Discount Rate (2.21%)	1.00% Increase (3.21%)
Total OPEB liability	\$ 324,789	\$ 303,506	\$ 281,950

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (2.70%) or one percentage point higher (4.70%) than the current healthcare cost trend rates:

	1.00% Decrease (2.70%)	Current Healthcare Cost Trend Rates (3.70%)	1.00% Increase (4.70%)
Total OPEB liability	\$ 259,245	\$ 303,506	\$ 358,170

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$25,352. At June 30, 2020, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 149,483
Change in assumptions	14,792	61,050
Total	\$ 14,792	\$ 210,533

The \$-0- reported as deferred outflows of resources related to OPEB resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase (Reduction) to OPEB Expense
2021	\$ (29,119)
2022	(29,119)
2023	(29,119)
2024	(29,119)
2025	(20,119)
Thereafter	(50,146)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan

In addition to their participation in the pension plan offered through the Virginia Retirement System (VRS), the Town also participates in a cost-sharing and agent multi-employer other postemployment benefit plans described as follows.

Plan Description

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered a multiple employer, cost sharing plan.

Contributions

Contributions to the VRS OPEB program was based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB program are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2020 Contribution	\$18,325
June 30, 2019 Contribution	\$18,863

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

OPEB Liability, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2019 and the total OPEB liabilities used to calculate the net OPEB liability were determined by actuarial valuations as of that date. The covered employer’s proportion of the net OPEB liability was based on the covered employer’s actuarially determined employer contributions for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2020 proportionate share of liability	\$301,000
June 30, 2019 proportion	0.01850%
June 30, 2018 proportion	0.01983%
June 30, 2020 expense	\$7,911

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,021	\$ 3,904
Change in assumptions	19,006	9,078
Net difference between projected and actual earnings on OPEB plan investments	-	6,184
Changes in proportion	14,730	17,743
Employer contributions subsequent to the measurement date	18,325	-
Total	<u>\$ 72,082</u>	<u>\$ 36,909</u>

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

OPEB Liability, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)

The deferred outflows of resources related to OPEB resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ending June 30,	Reduction to OPEB Expense
2021	\$ 2,019
2022	2,020
2023	4,639
2024	4,679
2025	2,865
Thereafter	626

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2018, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019:

Inflation	2.5%
Salary increases, including inflation:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.25 – 4.75%
• Ages 65 and older	5.50 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI: 6.75%

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- * 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 rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 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 the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 8.

Net OPEB Liability

The net OPEB liability represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,390,238
Plan fiduciary net position	\$ 1,762,972
Employers’ net OPEB liability (asset)	\$ 1,627,266
Plan fiduciary net position as a percentage of total OPEB liability	52.00%

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

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

Long-Term Expected Rate of Return

Group Life Insurance

The long-term expected rate of return on VRS 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 OPEB investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	5.61 %	1.91 %
Fixed Income	15.00	0.88	0.13
Credit Strategies	14.00	5.13	0.72
Real Assets	14.00	5.27	0.74
Private Equity	14.00	8.7	1.23
MAPS-Multi-Asset Public Strategies	6.00	3.52	0.21
PIP-Private Investment Partnership	3.00	6.29	0.19
Total	100.00 %		<u>5.13 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.63 %</u>

* The above allocation provides for a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

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

The following presents the net OPEB liabilities of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75% GLI) or one percentage point higher (7.75% GLI) than the current discount rate:

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
GLI Net OPEB liability	\$ 395,000	\$ 301,000	\$ 224,000

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2020, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2020 payroll.

- Group Life Insurance \$ 2,016

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Summary of Pension and Other Postemployment Benefits Elements

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Deferred outflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 89,817	\$ 32,766	\$ 122,583
Changes of assumptions			
VRS	271,561	99,070	370,631
Employer contributions subsequent to the measurement date			
VRS	<u>268,252</u>	<u>97,542</u>	<u>365,794</u>
Total deferred outflows of resources – pensions	<u>\$ 629,630</u>	<u>\$ 229,378</u>	<u>\$ 859,008</u>
Deferred outflows of resources – OPEB			
Differences between expected and actual experience			
VRS GLI	\$ 18,173	\$ 1,848	\$ 20,021
Changes of assumptions			
Local plan	13,427	1,365	14,792
VRS GLI	17,252	1,754	19,006
Employer contributions subsequent to the measurement date			
VRS GLI	16,633	1,692	18,325
Changes in proportional share VRS GLI	<u>13,370</u>	<u>1,360</u>	<u>14,730</u>
Total deferred outflows of resources – OPEB	<u>\$ 78,855</u>	<u>\$ 8,019</u>	<u>\$ 86,874</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 11. Summary of Pension and Other Postemployment Benefit Elements (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Net pension liability			
VRS	\$ 1,647,165	\$ 600,911	\$ 2,248,076
Total net pension liability	<u>\$ 1,647,165</u>	<u>\$ 600,911</u>	<u>\$ 2,248,076</u>
Net OPEB liability			
Local plan	\$ 272,200	\$ 31,306	\$ 303,506
VRS GLI	<u>273,215</u>	<u>27,785</u>	<u>301,000</u>
Total net OPEB liability	<u>\$ 545,415</u>	<u>\$ 59,091</u>	<u>\$ 604,506</u>
Deferred inflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 24,960	\$ 9,107	\$ 34,067
Net difference between projected and actual investment earnings on pension plan investments			
VRS	<u>110,964</u>	<u>40,482</u>	<u>151,446</u>
Total deferred inflows of resources – pensions	<u>\$ 135,924</u>	<u>\$ 49,589</u>	<u>\$ 185,513</u>
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 135,684	\$ 13,799	\$ 149,483
VRS GLI	3,544	360	3,904
Change in assumptions			
Local plan	55,415	5,635	61,050
VRS GLI	8,240	838	9,078
Change in proportionate share			
VRS GLI	16,105	1,638	17,473
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS GLI	<u>5,613</u>	<u>571</u>	<u>6,184</u>
Total deferred inflow of resources – OPEB	<u>\$ 224,601</u>	<u>\$ 22,841</u>	<u>\$ 247,442</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 12. Summary of Pension and Other Postemployment Benefit Expenses/Expenditures

	Governmental Activities	Business-Type Activities	Total Primary Government
Pension expense			
VRS	\$ 469,463	\$ 171,267	\$ 640,730
Total pension expense	\$ 469,463	\$ 171,267	\$ 640,730
OPEB expense			
Local plan	\$ 22,737	\$ 2,615	\$ 25,352
VRS GLI	7,181	730	7,911
Total OPEB expense	\$ 29,918	\$ 3,345	\$ 33,263

Note 13. Deferred Compensation Plan

Plan description

The Town offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code* Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying hardship. The Town makes a matching contribution up to the equivalent of \$10 per month per employee.

All amounts of compensation deferred under the plan, all property and rights purchased with these amounts, and all income attributable to those amounts, property, or rights are held in trust by a third-party for the exclusive benefit of participants and their beneficiaries. For 2020, the Town's matching contributions totaled \$6,300.

Note 14. Service Contracts

Sewage Treatment

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

Water Purchases/Sales

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

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 15. Property Taxes

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

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

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

Real estate	\$.07
Personal property	\$	1.00
Machinery and tools	\$	1.00

Note 16. Leases

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

The Town also leases vehicles for 60 months. As of June 30, 2020, the Town has leased 22 vehicles, primarily for public safety, through this agreement. The monthly payments per vehicle range from approximately \$470 to \$860 per month. Lease expense for the years ended June 30, 2020 and 2019 was \$101,027 and \$6,173, respectively. Estimated future minimum lease payments are as follows:

2021	\$	154,133
2022		154,133
2023		154,133
2024		145,565
2025		62,754
		<hr/>
	\$	670,718
		<hr/> <hr/>

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Note 17. Risk Management

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

Workers' Compensation

Workers' compensation insurance is provided through the Virginia Municipal League. During 2019-2020, total premiums paid were approximately \$91,000. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

General Liability

The Town provides general liability and other insurance through policies with Virginia Municipal Self-Insurance Association. During 2019-2020, total premiums paid were approximately \$95,000. General liability and business automobile have a \$1,000,000 limit per occurrence. Boiler and machinery coverage and property insurance have a \$5,000,000 limit per accident. The Town maintains an additional \$4,000,000 per occurrence umbrella policy over all forms of liability insurance. Police professional liability and public officials' liability insurance with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage.

Healthcare

The Town provides healthcare coverage for employees through a policy with Anthem Blue Cross Blue Shield. The Town contributes the required premium amount for single coverage for each employee. Dependents of employees are also covered by the policy provided they pay the additional premium to the Town. During 2019-2020, total premiums paid were approximately \$610,000.

Note 18. Commitments and Contingencies

Special Purpose Grants

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

Landfill Closure and Post-Closure Costs

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

Closure and post-closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, *Solid Waste Disposal Facility Criteria*, and are subject to periodic revisions by the EPA. The current estimate of remaining closure and post-closure care costs, assuming full utilization of the sites, is approximately \$15.7 million. The participating localities have contributed their pro-rata shares to fund the closure and post-closure care costs.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 18. Commitments and Contingencies (Continued)

Gain Sharing Agreement – Vinton Business Center

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

As part of the agreement, the Town agreed to convey a one-half undivided interest in the remaining real estate of the project. The agreement states that the Town and County plan on making additional improvements to this project and will share in the costs of that and annual maintenance equally. The Town and County must jointly agree before any future improvements are made to the property or before portions of the property are sold. This agreement was replaced with a service agreement in July 2019.

Roanoke County Service Agreement – Vinton Business Center

Effective July 1, 2019, the previous Gain Sharing Agreement was replaced with a Service Agreement between the Town of Vinton and Roanoke County. The service agreement formalized revenues and services shared by the local governments. The agreement also mentions the continuation of the Vinton Business Center, previously MacDonald Farm, in the Gain Sharing Agreement. The Town and County jointly share the costs of development and revenues generated by this project. The Town and County must also jointly agree before any future improvements are made to the property or before portions of the property are sold. No major improvements were commenced during the current year.

Roanoke County/Vinton Branch Library

On September 6, 2011, the Town and Roanoke County reached an agreement to purchase property for a Roanoke County/Vinton Branch Library to be built by Roanoke County. The property cost \$1.25 million, and the Town is responsible for half of that amount, or \$625,000. Roanoke County is responsible for the remainder of the costs. The Town made an additional \$100,000 good faith advance payment in fiscal year 2012 with the remaining costs for the project to be spread out over the next 10 years. The Town will pay \$50,000 each year for year's one through five, and \$55,500 per year in years six through ten. Roanoke County will own the property and add it to its capital assets. The \$55,500 current year contribution is included in principal retirement expenditures on the fund statement.

Note 19. Major Customer/Taxpayer

During fiscal year 2020, approximately 5.4% of the Town's business-type revenues were generated by one industrial customer.

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 20. Interfund Activity

The primary purpose of the \$181,628 from the general fund and \$181,628 from the water and sewer fund to the stormwater management fund was to cover obligations of stormwater fund. The primary purpose of the \$600,012 from the general fund to the capital projects fund was to cover capital outlays for the new capital projects fund.

Note 21. Fund Balances

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

	General Fund	Capital Projects Fund
Nonspendable:		
Inventories	\$ 109	\$ -
Land held for resale	487,378	-
Prepays	91,444	-
CDBG revolving loan	55,977	-
Vinyard Flower Fund	20,843	-
Total nonspendable	655,751	-
Restricted for:		
Public safety	74,711	-
Total committed	30,000	-
Committed:		
General government administration	30,000	-
Capital outlay	-	397,271
Total committed	30,000	397,271
Assigned:		
Capital outlay	3,583	-
Unassigned	3,668,974	-
Total fund balance	\$ 4,433,019	\$ 397,271

The Stormwater Management Fund was created in 2017 and has carried a negative fund balance since inception. It is used to track costs related to stormwater and currently funded by transfers from the General Fund and Utility Fund. Staff is working with Town council to move towards a fee to sustain the fund.

Note 22. Subsequent Event

See Note 23 for ongoing economic and financial impact of COVID-19.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 23. COVID-19 Impact

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Town’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the Town received revenue during fiscal year 2020. As such, the Town’s financial condition and liquidity will be negatively impacted for the fiscal year 2021.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Town’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Note 24. Prior period Restatement of Net Position and Fund Balance

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position, July 1, 2019, as previously recorded	\$ 8,224,069	\$ 6,734,062
Use of debt proceeds to purchase equipment	<u>(46,532)</u>	<u>(76,215)</u>
Net position, July 1, 2019, as restated	<u>\$ 8,177,537</u>	<u>\$ 6,657,847</u>

The following is a summary of the restatement of fund balance:

	<u>General Fund</u>	<u>Water and Sewer Fund</u>
Net position, July 1, 2019, as previously recorded	\$ 3,750,688	\$ 6,797,743
Use of debt proceeds to purchase equipment	<u>(231,542)</u>	<u>(76,215)</u>
Net position, July 1, 2019, as restated	<u>\$ 3,519,146</u>	<u>\$ 6,721,528</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 25. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance** due to the COVID-19 pandemic.

In January 2017, the GASB issued **Statement No. 84, Fiduciary Activities**. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, The GASB issued **Statement No. 87, Leases**. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In March 2018, the GASB issued **Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements**. This Statement improves the information disclosed in the notes to government financial statements related to debt. The requirements of this Statement are effective for fiscal years beginning after June 15, 2019.

In August 2018, the GASB issued **Statement No. 90, Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61**. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2020

Note 25. New Accounting Standards (Continued)

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92, *Omnibus***. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates***. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements***. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements***. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32***. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2020

	Plan Year					
	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 468,134	\$ 478,932	\$ 443,567	\$ 426,921	\$ 450,265	\$ 430,229
Interest on total pension liability	1,285,883	1,218,558	1,197,526	1,167,910	1,112,256	1,065,284
Difference between expected and actual experience	(51,996)	361,554	(356,343)	(201,924)	139,140	-
Changes in assumptions	565,700	-	8,604	-	-	-
Benefit payments, including refunds of employee contributions	(1,171,567)	(1,022,942)	(962,861)	(976,757)	(836,477)	(812,476)
Net change in total pension liability	1,096,154	1,036,102	330,493	416,150	865,184	683,037
Total pension liability - beginning	18,955,546	17,919,444	17,588,951	17,172,801	16,307,617	15,624,580
Total pension liability - ending	20,051,700	18,955,546	17,919,444	17,588,951	17,172,801	16,307,617
Plan Fiduciary Net Position						
Contributions - employer	413,427	401,879	393,323	405,320	413,851	307,429
Contributions - employee	173,246	181,566	177,392	164,126	181,194	184,601
Net investment income	1,133,463	1,210,341	1,821,216	257,935	673,666	2,045,884
Benefit payments, including refunds of employee contributions	(1,171,567)	(1,022,942)	(962,861)	(976,757)	(836,477)	(812,476)
Administrative expenses	(11,552)	(10,609)	(10,681)	(9,605)	(9,337)	(11,195)
Other	(711)	(1,071)	(1,613)	(111)	(144)	108
Net change in plan fiduciary net position	536,306	759,164	1,416,776	(159,092)	422,753	1,714,351
Plan fiduciary net position - beginning	17,267,318	16,508,154	15,091,378	15,250,470	14,827,717	13,113,366
Plan fiduciary net position - ending	17,803,624	17,267,318	16,508,154	15,091,378	15,250,470	14,827,717
Net pension liability - ending	\$ 2,248,076	\$ 1,688,228	\$ 1,411,290	\$ 2,497,573	\$ 1,922,331	\$ 1,479,900
Plan fiduciary net position as a percentage of total pension liability	89%	91%	92%	86%	89%	91%
Covered payroll	\$ 3,634,236	\$ 3,762,660	\$ 3,664,576	\$ 3,289,982	\$ 3,353,343	\$ 3,699,186
Net pension liability as a percentage of covered payroll	62%	45%	39%	76%	57%	40%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2019 information was presented in the entity's fiscal year 2020 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

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

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2020

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2020	\$ 365,794	\$ 365,794	\$ -	\$ 3,129,677	11.69%
2019	424,410	424,410	-	3,634,236	11.68%
2018	411,289	411,289	-	3,762,660	10.93%
2017	400,540	400,540	-	3,664,576	10.93%
2016	407,958	407,958	-	3,289,982	12.40%
2015	415,814	415,814	-	3,353,343	12.40%

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

The covered payroll amounts above are for the Town's fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – LOCAL PLAN
June 30, 2020

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>
	<u>Local Plan</u>	<u>Local Plan</u>	<u>Local Plan</u>
Total OPEB Liability			
Service cost	\$ 35,863	\$ 47,628	\$ 49,307
Interest on total OPEB liability	18,608	18,664	15,730
Economic/demographic gains	(171,794)	-	-
Changes in assumptions	(56,902)	20,076	(17,718)
Benefit payments	(35,806)	(14,834)	(10,820)
	<hr/>	<hr/>	<hr/>
Net change in total OPEB liability	(210,031)	71,534	36,499
Total OPEB liability - beginning	513,537	442,003	405,504
Total OPEB liability - ending	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Plan Fiduciary Net Position			
Contributions - employer	35,806	14,834	10,820
Benefit payments	(35,806)	(14,834)	(10,820)
	<hr/>	<hr/>	<hr/>
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net OPEB liability - ending	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Plan fiduciary net position as a percentage of total OPEB liability	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	0%	0%	0%
Covered payroll	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,896,572	\$ 3,831,682	\$ 3,831,682
Net OPEB liability as a percentage of covered payroll	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	10.48%	13.40%	11.54%

This schedule is intended to show information for 10 years. Since fiscal year 2018 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI
 June 30, 2020

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2020	0.01850%	\$ 301,000	\$ 3,634,236	8.28%	52.00%
2019	0.01983%	301,000	3,762,660	8.00%	51.22%
2018	0.01989%	299,000	3,664,576	8.16%	48.86%

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amount above is for the measurement period, which is the twelve months prior to the entity's fiscal year.

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS GLI
June 30, 2020

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2020	\$ 18,325	\$ 18,325	\$ -	\$ 3,129,677	0.59%
2019	18,863	18,863	-	3,634,236	0.52%
2018	19,610	19,610	-	3,762,660	0.52%

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amount above is for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

TOWN OF VINTON, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020**

Note 1. Changes of Benefit Terms

Pension

There have been no actuarially material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

TOWN OF VINTON, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2020**

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB

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STATISTICAL SECTION

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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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

The Town implemented GASB Statement 75 and restated beginning net position for 2018. The restatement is not included in the prior year data.

TABLE 1

TOWN OF VINTON, VIRGINIA

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

	2020	2019¹	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 6,634,748	\$ 6,747,977	\$ 6,548,322	\$ 6,638,792	\$ 6,225,603	\$ 5,929,925	\$ 5,427,254	\$ 5,704,050	\$ 5,919,643	\$ 6,316,937
Restricted	74,711	180,691	206,673	132,387	209,649	235,246	190,161	91,676	-	20,053
Unrestricted	2,849,241	1,248,869	673,717	770,368	801,646	499,226	2,291,758	2,219,240	1,972,859	1,491,375
Total governmental activities net position	<u>\$ 9,558,700</u>	<u>\$ 8,177,537</u>	<u>\$ 7,428,712</u>	<u>\$ 7,541,547</u>	<u>\$ 7,236,898</u>	<u>\$ 6,664,397</u>	<u>\$ 7,909,173</u>	<u>\$ 8,014,966</u>	<u>\$ 7,892,502</u>	<u>\$ 7,828,365</u>
Business-type activities										
Net investment in capital assets	\$ 4,424,574	\$ 5,051,330	\$ 4,760,652	\$ 4,862,273	\$ 4,880,340	\$ 5,184,003	\$ 4,834,097	\$ 4,853,969	\$ 4,838,640	\$ 5,019,517
Unrestricted	2,364,985	1,606,517	1,823,180	1,504,611	1,035,813	117,415	410,722	394,976	339,523	661,273
Total business-type activities net position	<u>\$ 6,789,559</u>	<u>\$ 6,657,847</u>	<u>\$ 6,583,832</u>	<u>\$ 6,366,884</u>	<u>\$ 5,916,153</u>	<u>\$ 5,301,418</u>	<u>\$ 5,244,819</u>	<u>\$ 5,248,945</u>	<u>\$ 5,178,163</u>	<u>\$ 5,680,790</u>
Primary government										
Net investment in capital assets	\$ 11,059,322	\$ 11,799,307	\$ 11,308,974	\$ 11,501,065	\$ 11,105,943	\$ 11,113,928	\$ 10,261,351	\$ 10,558,019	\$ 10,758,283	\$ 11,336,454
Restricted	74,711	180,691	206,673	132,387	209,649	235,246	190,161	91,676	-	20,053
Unrestricted	5,214,226	2,855,386	2,496,897	2,274,979	1,837,459	616,641	2,702,480	2,614,216	2,312,382	2,152,648
Total primary government net position	<u>\$ 16,348,259</u>	<u>\$ 14,835,384</u>	<u>\$ 14,012,544</u>	<u>\$ 13,908,431</u>	<u>\$ 13,153,051</u>	<u>\$ 11,965,815</u>	<u>\$ 13,153,992</u>	<u>\$ 13,263,911</u>	<u>\$ 13,070,665</u>	<u>\$ 13,509,155</u>

¹ Restated

TABLE 2

TOWN OF VINTON, VIRGINIA
CHANGE IN NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2020</u>	<u>2019¹</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses										
Governmental activities										
General government	\$ 1,391,690	\$ 1,049,355	\$ 962,685	\$ 992,699	\$ 1,001,560	\$ 927,954	\$ 962,341	\$ 942,315	\$ 948,803	\$ 934,388
Public safety	2,941,870	3,566,718	3,686,891	3,926,763	3,340,624	3,418,566	3,339,148	3,238,361	3,214,622	3,397,562
Public works	1,748,237	1,890,909	1,893,248	2,011,469	2,026,305	2,021,994	1,993,713	2,074,464	2,062,430	2,243,111
Parks, recreation, and cultural	477,604	539,309	517,122	591,208	591,342	621,897	635,252	588,649	553,866	583,569
Community development	679,173	461,068	416,637	479,973	447,908	427,409	575,557	398,517	1,034,510	339,983
Interest on long-term debt	76,732	92,062	94,963	106,756	126,164	193,242	200,584	143,455	183,672	194,159
Total governmental activities	<u>7,315,306</u>	<u>7,599,421</u>	<u>7,571,546</u>	<u>8,108,868</u>	<u>7,533,903</u>	<u>7,611,062</u>	<u>7,706,595</u>	<u>7,385,761</u>	<u>7,997,903</u>	<u>7,692,772</u>
Business-type activities										
Water and sewer	3,488,665	3,535,493	3,279,827	3,088,256	3,103,779	2,994,485	3,174,896	2,946,127	3,044,342	3,002,964
Stormwater management	364,142	337,655	253,188	419,957	-	-	-	-	-	-
Total business-type activities expense	<u>3,852,807</u>	<u>3,873,148</u>	<u>3,533,015</u>	<u>3,508,213</u>	<u>3,103,779</u>	<u>2,994,485</u>	<u>3,174,896</u>	<u>2,946,127</u>	<u>3,044,342</u>	<u>3,002,964</u>
Total primary government expenses	<u>\$ 11,168,113</u>	<u>\$ 11,472,569</u>	<u>\$ 11,104,561</u>	<u>\$ 11,617,081</u>	<u>\$ 10,637,682</u>	<u>\$ 10,605,547</u>	<u>\$ 10,881,491</u>	<u>\$ 10,331,888</u>	<u>\$ 11,042,245</u>	<u>\$ 10,695,736</u>
Program Revenues										
Governmental activities										
Charges for services										
Public safety	\$ 125,573	\$ 127,096	\$ 93,599	\$ 118,454	\$ 63,735	\$ 72,356	\$ 88,364	\$ 89,115	\$ 91,196	\$ 119,870
Public works	72,594	84,876	110,167	110,145	110,099	110,295	110,425	110,115	110,460	110,380
Other activities	221,880	489,012	506,160	540,600	559,171	570,459	554,666	495,133	440,883	466,306
Operating grants and contributions	1,966,475	1,531,540	1,539,975	1,666,789	1,389,380	1,426,127	1,382,744	1,287,108	1,281,998	1,318,394
Capital grants and contributions	309,973	72,006	84,184	408,362	317,643	384,074	114,966	53,749	66,545	75,188
Total governmental activities program revenues	<u>2,696,495</u>	<u>2,304,530</u>	<u>2,334,085</u>	<u>2,844,350</u>	<u>2,440,028</u>	<u>2,563,311</u>	<u>2,251,165</u>	<u>2,035,220</u>	<u>1,991,082</u>	<u>2,090,138</u>
Business-type activities										
Charges for services										
Water and sewer	3,423,342	3,386,429	3,354,057	3,398,582	3,437,535	3,195,850	3,002,970	2,754,147	2,753,851	2,672,156
Total business-type activities program revenues	<u>3,423,342</u>	<u>3,386,429</u>	<u>3,354,057</u>	<u>3,398,582</u>	<u>3,437,535</u>	<u>3,195,850</u>	<u>3,002,970</u>	<u>2,754,147</u>	<u>2,753,851</u>	<u>2,672,156</u>
Total primary government program revenues	<u>\$ 6,119,837</u>	<u>\$ 5,690,959</u>	<u>\$ 5,688,142</u>	<u>\$ 6,242,932</u>	<u>\$ 5,877,563</u>	<u>\$ 5,759,161</u>	<u>\$ 5,254,135</u>	<u>\$ 4,789,367</u>	<u>\$ 4,744,933</u>	<u>\$ 4,762,294</u>
Net (expense) revenue										
Governmental activities	\$ (4,618,811)	\$ (5,294,891)	\$ (5,237,461)	\$ (5,264,518)	\$ (5,093,875)	\$ (5,047,751)	\$ (5,455,430)	\$ (5,350,541)	\$ (6,006,821)	\$ (5,602,634)
Business-type activities	(429,465)	(486,719)	(178,958)	(109,631)	333,756	201,365	(171,926)	(191,980)	(290,491)	(330,808)
Total primary government net expense	<u>\$ (5,048,276)</u>	<u>\$ (5,781,610)</u>	<u>\$ (5,416,419)</u>	<u>\$ (5,374,149)</u>	<u>\$ (4,760,119)</u>	<u>\$ (4,846,386)</u>	<u>\$ (5,627,356)</u>	<u>\$ (5,542,521)</u>	<u>\$ (6,297,312)</u>	<u>\$ (5,933,442)</u>

**TABLE 2
(Continued)**

TOWN OF VINTON, VIRGINIA

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

	<u>2020</u>	<u>2019¹</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 749,564	\$ 726,573	\$ 684,319	\$ 697,622	\$ 640,391	\$ 539,764	\$ 448,349	\$ 453,135	\$ 510,558	\$ 429,409
Sales tax	1,153,748	1,469,693	1,370,590	1,436,325	1,348,456	1,320,700	1,287,437	1,284,455	1,247,566	1,171,590
Meals tax	1,289,457	1,078,908	966,053	953,721	955,488	912,713	900,591	912,226	909,814	864,448
Utilities tax	718,109	735,791	756,225	755,985	767,736	782,869	787,097	785,555	782,487	801,264
Business license tax	638,888	586,739	482,003	500,713	508,747	489,749	517,111	491,996	460,638	454,636
Other taxes	1,033,340	667,667	616,344	585,378	576,896	561,080	628,177	692,669	698,412	734,316
Intergovernmental revenue not restricted	134,486	812,923	770,645	773,690	744,247	768,956	756,199	807,117	773,617	748,815
Restricted intergovernmental revenue	383,932	-	-	-	-	-	-	-	-	-
Investment earnings not restricted	42,406	50,854	25,780	19,406	17,709	15,438	14,540	4,434	3,020	1,904
Restricted investment earnings	3	-	-	-	-	60,746	59,628	-	-	-
Gain on disposal of property	-	16,580	-	-	-	7,444	6,516	-	-	-
Other	37,669	69,900	57,781	66,305	106,706	27,002	21,752	41,418	184,846	81,373
Transfers	(181,628)	(171,912)	(140,298)	(219,978)	-	-	-	-	500,000	-
Total governmental activities	<u>5,999,974</u>	<u>6,043,716</u>	<u>5,589,442</u>	<u>5,569,167</u>	<u>5,666,376</u>	<u>5,486,461</u>	<u>5,427,397</u>	<u>5,473,005</u>	<u>6,070,958</u>	<u>5,287,755</u>
Business-type activities:										
Investment earnings not restricted	8,271	9,009	7,627	2,172	989	-	7	66	414	1,174
Restricted investment earnings	-	-	525	94	329	1,353	5,301	762	91	427
Other	371,278	379,813	299,102	338,118	279,661	250,562	255,135	261,934	287,359	275,208
Transfers	181,628	171,912	140,298	219,978	-	-	-	-	(500,000)	-
Total business-type activities	<u>561,177</u>	<u>560,734</u>	<u>447,552</u>	<u>560,362</u>	<u>280,979</u>	<u>251,915</u>	<u>260,443</u>	<u>262,762</u>	<u>(212,136)</u>	<u>276,809</u>
Total primary government	<u>\$ 6,561,151</u>	<u>\$ 6,604,450</u>	<u>\$ 6,036,994</u>	<u>\$ 6,129,529</u>	<u>\$ 5,947,355</u>	<u>\$ 5,738,376</u>	<u>\$ 5,687,840</u>	<u>\$ 5,735,767</u>	<u>\$ 5,858,822</u>	<u>\$ 5,564,564</u>
Changes in Net Position										
Governmental activities	\$ 1,381,163	\$ 748,825	\$ 351,981	\$ 304,649	\$ 572,501	\$ 438,710	\$ (28,033)	\$ 122,464	\$ 64,137	\$ (314,879)
Business-type activities	131,712	74,015	268,594	450,731	614,735	453,280	88,517	70,782	(502,627)	(53,999)
Total primary government	<u>\$ 1,512,875</u>	<u>\$ 822,840</u>	<u>\$ 620,575</u>	<u>\$ 755,380</u>	<u>\$ 1,187,236</u>	<u>\$ 891,990</u>	<u>\$ 60,484</u>	<u>\$ 193,246</u>	<u>\$ (438,490)</u>	<u>\$ (368,878)</u>

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

¹ Restated

TABLE 3

TOWN OF VINTON, VIRGINIA

**FUND BALANCES – GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<u>2020</u>	<u>2019¹</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Post-GASB 54 implementation:										
General Fund										
Nonspendable	\$ 655,751	\$ 323,947	\$ 103,927	\$ 89,382	\$ 62,048	\$ 59,817	\$ 60,358	\$ 19,101	\$ 62,746	\$ 66,341
Restricted	74,711	180,691	206,673	132,387	209,649	235,246	190,161	274,908	17,068	372,271
Committed	30,000	30,000	30,000	-	-	-	-	-	-	100,000
Assigned	3,583	38,621	-	-	-	-	-	-	-	-
Unassigned	<u>3,668,974</u>	<u>2,945,887</u>	<u>2,881,906</u>	<u>2,578,193</u>	<u>2,607,524</u>	<u>2,361,436</u>	<u>2,919,657</u>	<u>2,837,802</u>	<u>2,584,947</u>	<u>1,196,789</u>
Total general fund	<u>\$4,433,019</u>	<u>\$3,519,146</u>	<u>\$3,222,506</u>	<u>\$2,799,962</u>	<u>\$2,879,221</u>	<u>\$2,656,499</u>	<u>\$3,170,176</u>	<u>\$3,131,811</u>	<u>\$2,664,761</u>	<u>\$1,735,401</u>
Capital Projects Fund										
Committed	<u>\$ 397,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

¹ Restated

TABLE 4

TOWN OF VINTON, VIRGINIA

**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	2020	2019¹	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Taxes	\$ 5,606,084	\$ 5,246,337	\$ 4,868,746	\$ 4,904,946	\$ 4,845,354	\$ 4,469,823	\$ 4,562,633	\$ 4,597,882	\$ 4,529,953	\$ 4,467,158
Permits, privilege fees, and regulatory licenses	4,592	6,408	8,955	8,712	9,788	12,403	9,085	10,861	9,273	10,242
Fines and forfeitures	54,486	60,652	71,210	75,085	51,631	56,503	75,059	73,107	75,989	102,566
Revenue from use of money and property	159,655	169,995	148,433	136,695	141,889	197,241	198,625	105,998	105,666	118,560
Charges for services	115,380	382,806	377,369	418,042	452,903	438,558	407,900	387,049	333,832	355,606
Other	134,151	136,351	137,547	150,967	138,589	129,124	149,957	72,337	18,522	16,860
Intergovernmental	2,826,727	2,481,996	2,444,777	2,965,777	2,612,197	2,411,620	2,243,120	2,239,992	2,303,286	2,303,732
Total revenues	8,901,075	8,484,545	8,057,037	8,660,224	8,252,351	7,715,272	7,646,379	7,487,226	7,376,521	7,374,724
Expenditures										
General government	835,575	711,058	695,683	650,824	710,412	668,082	645,071	632,136	618,951	628,386
Public safety	2,821,897	3,577,731	3,703,343	3,649,236	3,304,624	3,313,099	3,201,533	3,005,917	2,948,155	3,250,590
Public works	1,377,264	1,485,888	1,775,465	1,749,305	1,942,260	1,918,439	1,795,602	1,892,656	1,834,120	1,990,381
Parks, recreation, and cultural	457,443	515,693	533,892	570,065	594,550	617,934	620,636	547,604	518,579	551,240
Community development	871,782	458,435	485,624	889,397	687,006	604,476	468,678	386,592	544,245	333,617
Capital projects	533,151	948,721	37,880	463,945	437,389	551,936	140,478	542,235	160,752	114,309
Debt service:										
Principal retirement	446,651	414,532	436,700	535,374	404,038	379,843	372,923	335,766	267,595	260,501
Interest and fiscal charges	64,540	77,568	83,210	91,789	115,486	182,584	186,377	174,699	185,715	195,608
Bond issuance costs	-	-	-	-	15,920	-	-	36,638	-	-
Total expenditures	7,408,303	8,189,626	7,751,797	8,599,935	8,211,685	8,236,393	7,431,298	7,554,243	7,078,112	7,324,632
Excess (deficiency) of revenues over expenditures	1,492,772	294,919	305,240	60,289	40,666	(521,121)	215,081	(67,017)	298,409	50,092
Other Financing Sources (Uses)										
Proceeds from long-term debt	-	157,053	-	-	702,000	-	-	2,411,641	-	-
Payments to refunded bond escrow agent	-	-	-	-	(686,080)	-	-	(2,190,889)	-	-
Proceeds from capital lease	-	-	257,602	-	136,599	-	-	313,315	-	-
Proceeds from sale of capital assets	-	16,580	-	80,430	29,537	7,444	6,516	-	130,951	2,124
Transfers in (out)	(181,628)	(171,912)	(140,298)	(219,978)	-	-	-	-	500,000	-
Total other financing sources	(181,628)	1,721	117,304	(139,548)	182,056	7,444	6,516	534,067	630,951	2,124
Net change in fund balances	\$ 1,311,144	\$ 296,640	\$ 422,544	\$ (79,259)	\$ 222,722	\$ (513,677)	\$ 221,597	\$ 467,050	\$ 929,360	\$ 52,216
Debt service as a percentage of noncapital expenditures	7.29%	6.33%	6.82%	7.92%	6.90%	7.50%	7.58%	7.21%	6.49%	6.33%

¹ Restated

TABLE 5

TOWN OF VINTON, VIRGINIA

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service Corporation	Mobile Homes	Total Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Assessed Value
2020	\$ 508,108,700	\$ 52,015,192	\$ 7,308,830	\$ 18,865,440	\$ 26,500	\$ 586,324,662	\$ 0.07	\$ 586,324,662	100%
2019	488,906,400	50,021,021	9,451,620	18,380,300	33,600	566,792,941	0.07	566,792,941	100
2018	477,273,000	45,927,462	8,177,340	17,911,880	52,550	549,342,232	0.07	549,342,232	100
2017	467,013,600	45,889,795	7,448,120	17,210,450	40,250	537,602,215	0.07	537,602,215	100
2016	461,728,300	45,958,231	7,146,010	17,038,560	38,300	531,909,401	0.07	531,909,401	100
2015	458,804,800	45,024,930	6,934,930	17,364,350	42,930	528,171,940	0.06	528,171,940	100
2014	455,632,200	45,223,230	6,882,820	13,713,107	45,720	521,497,077	0.06	521,497,077	100
2013	456,795,100	43,698,440	7,310,490	14,385,245	47,520	522,236,795	0.06	522,236,795	100
2012	465,957,200	43,682,200	7,232,260	15,347,180	46,800	532,265,640	0.06	532,265,640	100
2011	469,499,100	43,392,270	7,232,700	15,191,110	47,740	535,362,920	0.06	535,362,920	100

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

TABLE 6

TOWN OF VINTON, VIRGINIA

**PRINCIPAL WATER AND SEWER CUSTOMERS
Current Year and Nine Years Ago**

Customer	Fiscal Year 2020			Fiscal Year 2011		
	Revenue	Rank	Percentage of Total Town Revenue	Revenue	Rank	Percentage of Total Town Revenue
Precision Fabrics Group, Inc.	\$ 205,313	1	5.44 %	\$ 227,256	1	7.99 %
Aramark	161,798	2	4.28	90,716	2	3.19
The Berkshire	76,658	3	2.03	55,072	4	1.94
Roanoke County Schools	63,838	4	1.69	28,009	8	0.98
Blue Ridge Manor Apartments	54,209	5	1.44	38,333	5	1.35
Colonial Downs	33,872	6	0.90	-	-	-
RGM Properties	29,195	7	0.77	37,535	6	1.32
Nichols Car Wash	27,840	8	0.74	-	-	-
Richard Dickerson/RL Mansard Sq	23,034	9	0.61	17,794	-	0.63
F & W Management	22,779	10	0.60	-	-	-
	<u>\$ 698,536</u>			<u>\$ 494,715</u>		

Source: Town of Vinton Finance Department

1) FY 2020 % was based on total water and sewer revenue of \$3,794,620

2) FY 2011 % was based on total water and sewer revenue of \$2,844,004

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2020	\$ 948,341	\$ 875,175	92.28%	\$ -	\$ 875,175	92.28%
2019	936,327	842,667	90.00	21,006	863,673	92.24
2018	874,622	823,616	94.17	14,960	838,576	95.88
2017	859,822	826,673	96.14	20,321	846,994	98.51
2016	853,737	785,340	91.99	13,902	799,242	93.62
2015	736,979	650,501	88.27	13,365	663,866	90.08
2014	645,360	610,294	94.57	12,010	622,304	96.43
2013	635,711	598,141	94.09	13,626	611,767	96.23
2012	637,626	600,406	94.16	13,528	613,934	96.28
2011	634,445	591,743	93.27	11,257	603,000	95.04

Source: Detailed Town property tax records.

Note: The Town increased the real estate tax rate from \$0.03 to \$0.07 in 2015

TOWN OF VINTON, VIRGINIA

WATER AND SEWER RATES
Last Ten Fiscal Years

Fiscal Year	Residential ¹		Commercial ²	
	First 3,000 Gallons or Less		First 1,500 Gallons or Less	
	Water	Sewer	Water	Sewer
2020 ³	\$ 11.88	\$ 20.52	\$ 5.94	\$ 10.26
2019	18.85	27.68	9.43	13.84
2018	18.85	27.68	9.43	13.84
2017	18.85	27.68	9.43	13.84
2016	18.85	27.68	9.43	13.84
2015	18.85	27.68	9.43	13.84
2014	17.31	25.42	8.66	12.71
2013	15.92	23.39	7.97	11.68
2012	15.92	23.39	7.97	11.68
2011	15.92	23.39	7.97	11.68

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

¹ Residential minimum charges are billed on a bi-monthly basis

² Commercial minimum charges are billed on a monthly basis

³ As of January 1, 2020, all consumption is billed at the volumetric rate.

TABLE 9

TOWN OF VINTON, VIRGINIA

**LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt limit	\$ 58,632,466	\$ 56,679,294	\$ 54,934,223	\$ 53,760,222	\$ 53,190,940	\$ 52,817,194	\$ 52,149,708	\$ 51,809,508	\$ 53,226,564	\$ 53,536,292
Total net debt applicable to limit	<u>5,080,683</u>	<u>5,765,236</u>	<u>6,407,378</u>	<u>7,094,822</u>	<u>7,757,263</u>	<u>8,344,738</u>	<u>8,959,814</u>	<u>10,118,536</u>	<u>7,125,222</u>	<u>7,103,808</u>
Legal debt margin	<u>\$ 53,551,783</u>	<u>\$ 50,914,058</u>	<u>\$ 48,526,845</u>	<u>\$ 46,665,400</u>	<u>\$ 45,433,677</u>	<u>\$ 44,472,456</u>	<u>\$ 43,189,894</u>	<u>\$ 41,690,972</u>	<u>\$ 46,101,342</u>	<u>\$ 46,432,484</u>
Total net debt applicable to the limit as a percentage of debt limit	8.67%	10.17%	11.66%	13.20%	14.58%	15.80%	17.18%	19.53%	13.39%	13.27%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	<u>\$ 586,324,662</u>
Debt limit (10% of assessed value)	\$ 58,632,466
Less debt applicable to limit:	
General obligation bonds	<u>5,080,683</u>
Legal debt margin	<u>\$ 53,551,783</u>

Note: Assessed value of property can be found in Table 5. Town has no overlapping debt related to governmental activities.

TABLE 10

TOWN OF VINTON, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business Type Activities				
	General Obligation Bonds ¹	Revenue Bonds ¹	Capital Leases	Obligations Payable	Total	General Obligation Bonds ¹	Revenue Bonds ¹	Obligations Payable	Capital Leases	Total
2020	\$ 2,000,040	\$ -	\$ 296,746	\$ 75,352	\$ 2,372,138	\$ 3,095,449	\$ 1,513,000	\$ 221,589	\$ 558,344	\$ 5,388,382
2019	2,328,839	-	352,931	139,296	2,821,066	3,453,480	1,687,000	236,861	666,344	6,043,685
2018	2,637,173	-	240,612	203,036	3,080,821	3,789,564	1,852,617	252,532	498,198	6,392,911
2017	2,940,783	-	54,837	266,576	3,262,196	4,175,676	2,015,327	266,363	-	6,457,366
2016	3,242,029	-	230,969	327,424	3,800,422	4,539,723	2,184,037	280,605	-	7,004,365
2015	3,488,651	-	159,415	385,080	4,033,146	4,892,861	2,150,851	294,516	-	7,338,228
2014	3,724,405	-	209,262	442,548	4,376,215	5,235,409	2,274,519	-	-	7,509,928
2013	4,056,402	-	257,549	425,000	4,738,951	5,941,895	2,393,190	-	-	8,335,085
2012	2,733,027	1,377,256	-	475,000	4,585,283	3,950,222	2,506,858	-	-	6,457,080
2011	2,880,305	1,453,521	47,595	-	4,381,421	4,258,808	2,615,526	-	-	6,874,334

Fiscal Year	Total Primary Government ¹	Total Taxable Assessed Value	Net General Bonded Debt to Estimated Actual Value of Taxable Property	Population	Bonded Debt Per Capita	Per Capita Personal Income	Net General Bonded Debt Per Capita to Per Capita Personal Income
2020	\$ 5,095,489	\$ 586,324,662	0.87%	8,104	\$ 629	\$ 52,248	1.20%
2019	5,782,319	566,792,941	1.02	8,096	714	49,860	1.43
2018	6,426,737	549,342,232	1.17	8,065	797	48,384	1.65
2017	7,116,459	537,602,215	1.32	8,185	869	48,047	1.81
2016	7,781,752	531,909,401	1.46	8,231	945	45,577	2.07
2015	8,381,512	528,171,940	1.59	8,151	1,028	43,418	2.37
2014	8,959,814	521,497,080	1.72	8,151	1,099	42,288	2.60
2013	9,998,297	518,095,080	1.93	8,092	1,236	40,688	3.04
2012	6,683,249	532,265,640	1.26	8,130	822	39,866	2.06
2011	7,139,113	535,362,920	1.33	8,098	882	39,315	2.24

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

Note: Population and personal income can be found in Table 12.

¹ Includes bond premiums

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

Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service		Coverage
				Principal ⁽²⁾	Interest	
2020	\$ 3,802,891	\$ 2,545,966	\$ 1,256,925	\$ 623,670	\$ 149,189	1.63
2019 ⁽³⁾	3,775,230	2,495,711	1,279,519	591,312	178,562	1.66
2018	3,661,311	2,344,160	1,317,151	595,555	166,641	1.73
2017	3,738,966	2,182,323	1,556,643	543,289	181,582	2.12
2016	3,718,514	2,241,937	1,476,577	487,049	311,245	1.85
2015	3,447,765	2,115,736	1,332,029	462,548	257,957	1.85
2014	3,263,413	2,261,529	1,001,884	504,718	256,920	1.32
2013	3,016,909	2,129,633	887,276	428,247	215,281	1.38
2012	3,041,715	2,187,683	854,032	413,586	232,992	1.32
2011	2,948,965	2,140,766	808,199	399,218	225,689	1.29

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

(1) Excluding depreciation, interest, and amortization

(2) Excluding refunded principal payments

(3) Restated

TOWN OF VINTON, VIRGINIA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Public School Roanoke CO Enrollment (3)	Public Town of Vinton Enrollment (3)	Unemployment Rate (4)
2020	8,104	\$ 6,254,966	\$ 52,248	13,999	948	8.10%
2019	8,096	5,962,802	49,860	14,121	972	2.90
2018	8,065	5,786,000	48,384	14,155	926	3.40
2017	8,185	5,780,000	48,047	14,235	965	3.70
2016	8,231	5,435,865	45,577	14,135	910	3.70
2015	8,151	5,159,100	43,418	14,384	948	4.50
2014	8,151	4,984,547	42,288	14,333	965	5.50
2013	8,092	4,789,030	40,688	14,369	935	5.90
2012	8,130	4,672,000	39,866	14,454	927	5.70
2011	8,098	4,561,791	39,315	14,259	951	5.70

Sources:

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

(2) Personal Income and Per Capita Personal Income from the U.S. Department of Commerce Bureau of Economic Analysis. Latest information available as of 2018 at <https://apps.bea.gov/regional/bearfacts/>

(3) Virginia Department of Education - Membership Reporting
http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml

(4) Virginia Employment Commission www.bls.gov/regions/mid-atlantic/virginia.htm#eag

TOWN OF VINTON, VIRGINIA

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Berkshire	215	1	2.65%	167	2	5.44%
Precision Fabrics Group, Inc.	205	2	2.53	382	1	6.23
Kroger	185	3	2.28	179	3	5.00
Roanoke County Schools (Vinton)	131	4	1.62	124	4	3.46
Rosie's Gaming Emporium	98	5	1.21	-	-	-
Aramark Uniform Services	97	6	1.20	70	7	1.95
Penalty Box (Lancerlot)	89	7	1.10	54	9	1.51
McDonalds	85	8	1.05	90	5	2.51
Magnets USA	68	9	0.84	-	-	-
Town of Vinton	65	10	0.80	85	6	2.37
	<u>1,238</u>		<u>15.28%</u>	<u>1,151</u>		<u>29.17%</u>

Source: Employer Business Application or HR Contact

TOWN OF VINTON, VIRGINIA

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

<u>Function/Program</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General government										
Management services	4	4	4	4	4	4	4	4	4	4
Finance	5	5	5	5	5	6	6	6	6	5
Planning	3	3	2	3	3	3	3	3	3	3
Police										
Officers	22	23	23	24	22	22	24	24	24	25
Civilians	2	2	2	2	2	2	2	2	2	2
Fire										
Firefighters and officers	-	11	11	12	10	11	10	9	9	9
Other public works	26	30	34	33	29	31	32	32	32	34
Parks, recreation, and cultural	3	3	3	3	3	2	3	3	3	3
Total	<u>65</u>	<u>81</u>	<u>84</u>	<u>86</u>	<u>78</u>	<u>81</u>	<u>84</u>	<u>83</u>	<u>83</u>	<u>85</u>

Source: Town of Vinton HR Department

Note: As of July 1, 2019, all firefighters and emergency responders are employees of Roanoke County.

TABLE 15

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General government										
Fleet equipment	133	133	133	133	133	133	133	117	117	117
Pieces of equipment maintained	133	133	133	133	133	133	133	117	117	117
Public safety:										
Police										
Arrests	781	947	1,034	594	722	507	578	582	667	546
Parking violations	45	30	40	58	133	52	64	48	56	82
Traffic violations	1928	1,735	2,449	2,021	1,187	1,143	1,603	1,408	1,734	1,933
EMS										
Emergency responses	N/A	2,248	2,607	2,637	2,656	2,615	2,735	2,654	2,872	2,319
Fire										
Emergency responses	N/A	305	830	501	774	278	623	306	677	514
Public works										
Refuse collection										
Refuse collected (tons per day)	12.88	12.39	11.80	12.21	11.92	12.55	12.78	12.92	12.75	12.70
Recyclables collected (tons per day)	0.3	0.35	0.45	1	0.54	0.65	0.70	0.68	2.00	2.00
Other public works										
Street resurfacing (miles)	3.33	2.71	2.50	2	2.03	-	1.30	2.17	1.80	1.80
Parks, recreation, and cultural										
Parks and recreation - attendees										
Vinton Dogwood Festival (4-day)	Cancelled	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
4th of July	Cancelled	4,000	5,000	5,000	5,000	5,000	5,000	4,000	4,000	4,000
Vinton Fall Festival (Co-Sponsor Chamber of Commerce)	2,000	3,500	6,000	6,000	9,000	9,000	6,000	6,000	6,000	6,000
Water										
Number of customer accounts	5,155	5,136	5,115	5,120	5,093	5,074	5,085	5,071	5,051	5,044
Miles of distribution lines	61	61	61	61	61	61	61	61	61	61
Volume pumped (million gallons per day average)	1.05	2	1	1	1.27	1.23	1.14	1.21	1.23	1.26
Sewer										
Number of customer accounts	4,728	4,710	4,691	4,686	4,658	4,639	4,642	4,636	4,607	4,610
Miles of collection lines	60	60	60	60	60	60	60	60	60	60
Waste/Water treated (million gallons per day)	1	1.02	1.32	1.32	1.40	1.19	0.92	0.96	0.99	1.09

N/A - Not available.

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

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

Source: Various Town of Vinton Departments

Note: As of July 1, 2019, all firefighters and emergency responders are employees of Roanoke County.

TABLE 16

TOWN OF VINTON, VIRGINIA

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

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public safety										
Law enforcement vehicles	26	24	27	27	25	26	25	25	26	27
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works										
Primary streets (lane miles)	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62
Secondary streets (lane miles)	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32
Streetlights	505	505	505	505	503	502	500	500	500	500
Parks, recreation, and cultural										
Community centers										
Vinton Senior Program (No. of Events/Attendance)	428/6330	428/6283	356/5822	285/4370	252/4166	240/3990	223/3,965	253/3775	231/4033	174/3396
Charles R. Hill Center (Rentals)	292	298	303	316	283	291	289	437	299	218
Vinton War Memorial	258	240	250	276	273	235	282	301	200	202
Parks/athletic fields										
Greenway (3/4 Mile) Cinder Surface	30,000	30,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Lawfit Course (5 Fitness Stations)	N/A	1,120								
War Memorial Playground	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Vinton Municipal Pool	Closed	Closed	Closed	Closed	7,977	7,977	8,458	10,562	10,176	12,246
Water and sewer										
Water mains (miles)	61	61	61	61	61	61	61	61	61	61
Sanitary sewers (miles)	60	60	60	60	60	60	60	60	60	60
Stormwater										
Storm sewers (miles)	12	12	12	12	12	12	12	12	12	12
Signalized street intersections										
Traffic signals (each)	11	11	11	11	11	11	11	11	11	11

Source: Various Town of Vinton Departments

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COMPLIANCE SECTION

**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**

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vinton, Virginia (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 3, 2020.

Internal Control Over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. **However, as described in the accompanying schedule of finding and response, we identified a certain deficiency in internal control that we consider to be a material weakness, which is labelled as item 2020-001.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses, as item 2020-002.**

Town of Vinton's Response to Finding

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

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 3, 2020

TOWN OF VINTON, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2020

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

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

State Agency Requirements:

- Highway Maintenance Funds

LOCAL COMPLIANCE MATTERS

Town Charter

TOWN OF VINTON, VIRGINIA

**SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2020**

A. FINDING – FINANCIAL STATEMENT AUDIT

2020-001: Segregation of Duties (Material Weakness)

Condition:

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

Recommendation:

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

Management's Response:

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

B. FINDING – COMMONWEALTH OF VIRGINIA

2020-001: General Government Budget Appropriation

Condition:

Public safety expenditures exceeded budget appropriations.

Criteria:

The Town is required to keep expenditures within budgeted amounts.

Cause:

Public Safety budget was overspent due to timing of grant payments on the Fire Programs Grant and the BulletProof Vest Grant.

Effect:

Actual expenditures for public safety exceeded amounts approved by Town Council.

Recommendation:

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

Management's Response (Unaudited):

The Town Finance Department developed a Grant Procedure in 2018 and will begin working closer with departments to ensure that budget adoption are processed upon grant award/acceptance and that correct grant procedures are followed to avoid future budget variances.

TOWN OF VINTON, VIRGINIA
SCHEDULE OF PRIOR AUDIT FINDING
Year Ended June 30, 2020

A. FINDING – FINANCIAL STATEMENT AUDIT

2019-001: Segregation of Duties (Material Weakness)

Condition:

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

Current Status:

Condition cleared with regard to payroll and still present for accounts payable, accounts receivable, cash disbursements, and information technology.