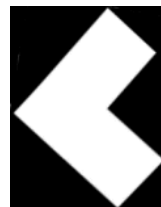


*Town of Lawrenceville, Virginia*  
*Comprehensive Annual Financial Report*  
*Year Ended June 30, 2014*



*Creedle, Jones  
& Alga, P.C.*  
*Certified Public Accountants*

**Town of Lawrenceville, Virginia**

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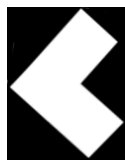
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## **FINANCIAL SECTION**



**Creedle  
Jones  
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*A Professional Corporation*

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## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Lawrenceville, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Lawrenceville, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, the discretely presented component unit, and each major fund of the Town of Lawrenceville, Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1–11 and 50–53 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 of Lawrenceville, Virginia's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

## *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2014, on our consideration of the Town of Lawrenceville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Lawrenceville, Virginia's internal control over financial reporting and compliance.

*Creedle, Jones & Alga, P.C.*

Creedle, Jones & Alga, P.C.  
Certified Public Accountants

South Hill, Virginia  
November 5, 2014

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Lawrenceville, Virginia presents the following discussion and analysis as an overview of the Town of Lawrenceville, Virginia's financial activities for the fiscal year ending June 30, 2014. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter and the Town's financial statements.

### MANAGER'S STATEMENT

The total net position of the Town of Lawrenceville, Virginia, increased by \$1,602,054 from \$10,678,040 at June 30, 2013 to \$12,280,094 at June 30, 2014. The difference between assets and liabilities, net position, can be used as one way to measure the Town's financial health, or financial condition. Over time, increases or decreases in the total net position can be one indicator of whether the Town's financial condition is improving or deteriorating.

While we are pleased with the Town's increase in total net position during fiscal year 2014, most of the increase was due to Dominion Power paying a portion of their water connection fee in the amount of \$1,500,000. The Town also received grant proceeds from the Tobacco Indemnification and Community Revitalization Commission in the amount of \$130,709, received for the completion of the Preliminary Engineering Report for the Water Treatment Plant expansion and the Preliminary Engineering Report for the expansion of the Wastewater Treatment Plant. The Town received \$48,785 in CDBG funding for the Downtown area. In addition, \$2,667,971 was needed to make principal debt repayments that the Town was obligated to pay during fiscal 2014. While the reduction in debt is reflected as an increase in net position, the fact is that the Town is obligated to make these principal payments and must generate sufficient cash to meet these debt obligations. The Town is scheduled to reduce debt principal by \$594,081 during fiscal 2015. During FY 2014, the Town did borrow \$6,781,000 to fund a debt restructuring and to complete the funding for the Downtown Project, the water plant upgrade for Dominion Power, and the water line associated with the Dominion Power Project.

The total borrowed debt obligation that the Town had as of June 30, 2014 was \$8,645,733 as compared to \$4,501,919 on June 30, 2013. The Town borrowed a significant amount of money during FY 2014 to complete the construction of several projects that were undertaken. The bonds that were sold with the VML/VACO Finance were a three part bond issue. 2014A Bond Series was in the amount of \$3,400,000, and will be used to complete the water plant upgrade and waterline upgrade work. 2014B Bond Series was in the amount of \$1,345,000, and will be used to complete the Downtown parking lot project and water plant project as needed. 2014C Bond Series was in the amount of \$2,036,000 and was used to refinance (payoff) five existing loans. The loans paid off include:

- a) \$1,707,115 balance from a 1997 wastewater plant expansion to allow for the construction of the private prison
- b) \$80,450 balance from a 1995 bond issue for wastewater work
- c) \$342,940 balance from a loan for the Rose Creek sewer line work
- d) \$64,652 balance from the Dream 2000 Downtown sidewalk project
- e) \$70,189 balance from a loan that was used to purchase the public works shop on Christanna Highway

The Town of Lawrenceville anticipates paying off Bond Series C beginning in FY 2016 and to complete the payoff in FY 2020. This payoff period should coincide with the beginning of the Dominion Power Generating commercial operation. If the usage numbers provided by Dominion are correct, the Town will have no trouble covering the debt service for the life of the loan.

Other debts owed by the Town as of June 30, 2014 include: A 1999 bond used to expand and upgrade the water plant had a balance of \$613,858 as of June 30, 2014. The bonds dated 2002 (refinanced in 2010) for water and sewer improvement projects to correct I & I problems and other maintenance issues has a balance due of \$725,000 for the improvements as of June 30, 2014.

Depreciation expense amounted to \$490,142 for fiscal 2014. While depreciation is a non-cash expense, it recognizes the reduction in value of the Town's capital assets as these assets age. Over time, depreciation expense might approximate the capital expenditures required to maintain the current infrastructure. Capital expenditures totaled \$1,309,549 during fiscal 2014 and occurred as work began at the water plant, waterline work, and the parking lot project. Other capital expenditures occurred in the Police department for two more vehicles and accessories, a chemical pump replacement for the water plant, a convection sample oven, and a replacement influent pump at the wastewater plant, and a riding mower and trailer for the Public Works department.

Capital projects remained limited during the year due to the Dominion Virginia Power Generating Station that was approved by all agencies in August 2013, and all Town efforts were focused on the water plant and line expansions that will be needed for this project, as well as completion of the Downtown parking lot project. Town Council has not increased water and sewer rates since July 1, 2010, taking a wait and see attitude with the addition of the Alberta system and the Dominion Power Plant usage. This trend of not increasing rates will have to be examined closely in the near future as the wastewater plant will be nearing capacity with additions of new industry. The capital expenditures included: two new Police patrol vehicles and accessories costing \$68,883; purchasing a chemical pump for the water plant treatment for \$947; and purchasing an oven and replacement pump for the wastewater plant for \$12,968; a trailer and mower in public works costing \$8,104. All of the remainder of the capital expenditures occurred at one of the three projects: water plant expansion, waterline improvements, and the Downtown project.

Water and sewer revenues accounted for just over two-thirds of total Town revenues (69%) in fiscal 2014, excluding proceeds from grants. During fiscal 2014, \$190,111 was transferred from the Water and Sewer fund to the General fund. However, many expenses included in the General fund, particularly payroll expenses, involve time dedicated to water and sewer issues.

In December of 2009, Brunswick County and the Brunswick County Industrial Development Authority approached the Town about forming a water and sewer authority to serve the Meherrin River Regional Jail that was going to be located in Alberta off Highway 1 and Interstate 85. After several months of negotiations, the Town agreed to provide water and sewer to the proposed Meherrin River Regional Jail. The Town, County, IDA, and the MRRJA signed agreements on May 30, 2010, to provide the treatment of water and wastewater in the amount of 100,000 gallons per day. The Town is now responsible for the maintenance of the new utility lines installed to service the facility, but the ownership of the lines would be by Brunswick County IDA. The discharge point for the sewer into the Town's system, while not the optimum choice to utilize the recent investment to upsize collection lines, can currently handle the proposed flow from the Regional Jail. The Town's system will not be able to handle amounts more than what has been agreed to without studies from an engineer. The Town began to realize revenue from this project as the MRRJA opened in July 2012. The actual flows of water and wastewater are 22,715 gallons per day, which is less than one-half of the projected flow amounts based on the information provided to the Town from the IDA's engineering consultants.

On February 20, 2013, Brunswick County, the County IDA, and the Town of Lawrenceville signed an agreement to allow the Alberta Collection system to connect to the MRRJA pump station for treatment of waste at the Town of Lawrenceville wastewater treatment plant. In March 2013, the Town of Alberta applied for CDBG funding to correct I & I issues and other water issues within their system. On June 10, 2013, the Town of Lawrenceville and the Town of Alberta signed an agreement for Lawrenceville to assume the ownership, operation, and maintenance of the Alberta systems. At the end of June 2013, the State notified the Town of Alberta that the grant would be funded. During FY 2014, Alberta was connected to the MRRJA sewer pump station utilizing the grant funding. The I & I correction work began and Phase 1 was completed. Phase 2 will begin in FY 2015 utilizing the grant funding. The engineers are hopeful that this will correct significant I & I issues on the Alberta collection system.

Dominion Virginia Power announced in February 2012 that they would be constructing a 1358 Megawatt gas fired generating station just east of Lawrenceville pending permit approval by the State. The anticipated water usage will range from 250,000 to 1,200,000 gallons per day. The sewer flow is anticipated to be 20% of the water flow. The Town continues to study the



possibilities of plant expansion, and, subsequently, the contract negotiations for the water and sewer services to the generating plant were completed August 30, 2012. Dominion Power is paying, in installments, the connection fee of \$4,000,000 of which the Town realized \$1,500,000 during FY 2014 and 1,000,000 during FY 2013. The remainder of the connection fee payment is based on performance and construction milestones of the water plant expansion. Dominion Power has agreed to pay a one-time connection fee for wastewater of \$2,250,000 that will be paid along with their application for service which will occur in FY 2015. During this past fiscal year, the Town completed the engineering phase for the water treatment expansion and related line work. In FY 2014, the Town began construction of the water plant expansion and related line work with completion to occur in FY 2015. The total base bid for the projects were \$6,571,626. Also related to this, the Town was successful in obtaining a Tobacco Indemnification and Community Revitalization grant for the engineering and specification development for an expansion of the wastewater treatment plant. The TIGR grant totals \$483,400, of which \$435,060 is grant funding and \$48,340 is Town funding.

The Town has been able to sustain low utility rates by having several large users on the system that are able to fund a large portion of the Town's fixed operating costs. However, with the closing of Brunswick Correctional Center in 2009, a significant revenue loss was realized by the Town which resulted in the need to increase the rates charged for water and sewer usage. The Town Council voted to raise the water and sewer rates to all customers with an effective date of July 1, 2010. The Town of Lawrenceville assumed the assets and liabilities of the Town of Alberta's water and sewer infrastructure. Although this began just before the end of the FY 2014, the official change took place July 1, 2014. In order to meet future proposed infrastructure replacement projects and future mandatory testing at both the water and wastewater plants, the Town may have to examine the current rates of the utilities services provided on a more frequent basis. The Town also changed the water and sewer user ordinances to begin monthly utility billing beginning July 1, 2014.

Future anticipated projects and needs include: changing out all of the Alberta water meters to the same brand as Lawrenceville uses in order to facilitate ease of billing and reading of the meters, upgrading the water line to the Alberta pump station in order to deliver 500 gpm to the Alberta and interstate area; water line extensions along Lawrenceville Hills, Blueberry Court, Rose Drive, and Poorhouse Road; replacing the thirty fire hydrants that are not in compliance with the Lawrenceville standard; upgrade the wastewater treatment plant to have more capacity than the water plant; upgrade aging vehicle fleet in the Public Works departments; purchase several real estate properties that are key to Town improvements; fund a full-time code enforcement official position; plans to turn the old shop into a place for a rest stop for the Rails to Trails; developing the old Turntable area into a park after purchasing the property from Norfolk and Southern Railroad and other possible water and sewer problems that may surface as a result of the aging infrastructure in the ground.

The Town has successfully funded many projects over a period of years and has been successful at expanding the utility system through grants and connection fees without having to increase rates to support the expansion and, in part, due to the large water and sewer users on the system. With the greater growth potential around the southern end of the County, the Town should strategically plan how to expand into that market with the least impact on the current consumers.

The Town employs 23 full-time and 3 part-time people. Of the part-time employees, one works at the Town office, one is in the Public Works department, and one cleans the Town office and Public Works building. We are grateful for the dedication, knowledge, and hard work that these people devote to our Town. The Town has an aging workforce that is approaching retirement age. In the coming years, the Town will face the replacement of key people within the workforce. The upcoming budgets should include more training funds and more travel expenses.

The Town's management desires to maintain rates and fees at levels that provide needed services to Town citizens and other users at a good value while at the same time keeping rates and fees at sufficient levels to maintain the financial health of the Town and to provide funds to properly maintain the Town's infrastructure. As a result of this desire, the Town approached the County about a boundary line adjustment to include the commercial area south and east of Town proper. This boundary line change took effect January 1, 2007. The Town anticipated and realized enhanced revenue from the boundary line adjustment through real estate tax, meals tax, and BPOL tax that is now collected from the new area of Town.

## Financial Highlights

### Highlights for Government-Wide Financial Statements

- At the close of the fiscal year, the assets of the Town, excluding its Component Unit, exceeded its liabilities by \$12,280,094. Of this amount, there is a negative balance of \$1,824,624 reflected in the unrestricted category.
- For the fiscal year, general and program revenues of the Town's governmental activities were \$1,616,311 and expenses amounted to \$1,587,501. The Town's total net position increased \$28,810.
- For business-type activities, revenues were \$3,616,948 and expenses were \$2,043,704. The net position increased by \$1,573,244.

### Highlights for Fund Financial Statements

- As of June 30, 2014, the Town's Governmental Funds reported combined fund balances of \$(1,653,038), a decrease of \$(1,392,669) in comparison with the prior year.
- The General Fund reported a fund balance of \$(1,722,651), a decrease of \$259,621 from June 30, 2013.

## 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 required and other supplementary information in addition to the basic financial statements themselves.

### Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those found in the private sector. They also report the Town's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the Town's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the Town's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the Town's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the Town's property tax base and the condition of Town facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the Town's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide financial statements distinguish governmental activities from business-type activities identified as the primary government. The governmental activities of the Town include general government administration, public safety, public works, parks, recreation and cultural, and community development. Public utilities represent the business-type activities.

Furthermore, the government-wide financial statements include a legally separate entity, the Economic Development Authority of the Town of Lawrenceville, Virginia, for which the Town is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

### **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single aggregated presentation.

The Town has three types of funds:

*Governmental Funds* - Most of the Town's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Special Revenue Cemetery Fund, both of which are considered to be major funds.

*Proprietary Funds* – The Town uses an Enterprise Fund which operates in a manner similar to private business enterprises. Costs are recovered primarily through user charges. Proprietary Fund financial statements provide both long and short-term financial information.

*Fiduciary Funds* – The Town is the trustee, or fiduciary, for the Town's agency funds. Agency funds utilize the accrual basis of accounting described in the Governmental Fund presentation. Since by definition, these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

### **Notes to the Basic Financial Statements**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

### **Other**

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules and combining financial statements.

Governmental accounting and reporting standards also require reporting certain information about the Town's other postemployment benefits as required supplementary information. The Town has elected to include this information within the notes to the basic financial statements.

## FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

### Statement of Net Position

The following table reflects the condensed Statement of Net Position:

#### Summary of Net Position As of June 30, 2014 and 2013

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>						
Current and other assets	\$ 118,240	\$ 130,390	\$ 8,376,740	\$ 3,176,017	\$ 8,494,980	\$ 3,306,407
Capital assets (net)	<u>2,075,915</u>	<u>2,122,101</u>	<u>12,187,772</u>	<u>11,322,179</u>	<u>14,263,687</u>	<u>13,444,280</u>
Total Assets	<u>\$ 2,194,155</u>	<u>\$ 2,252,491</u>	<u>\$ 20,564,512</u>	<u>\$ 14,498,196</u>	<u>\$ 22,758,667</u>	<u>\$ 16,750,687</u>
<b>Liabilities</b>						
Other liabilities	\$ 1,977,486	\$ 1,902,553	\$ 602,521	\$ 590,497	\$ 2,580,007	\$ 2,493,050
Long-term liabilities	<u>202,296</u>	<u>364,375</u>	<u>7,696,348</u>	<u>3,215,222</u>	<u>7,898,644</u>	<u>3,579,597</u>
Total Liabilities	<u>2,179,782</u>	<u>2,266,928</u>	<u>8,298,869</u>	<u>3,805,719</u>	<u>10,478,651</u>	<u>6,072,647</u>
<b>Net Position</b>						
Net investment in capital assets	1,812,453	1,516,759	4,042,363	7,631,757	5,854,816	9,148,516
Restricted	69,613	70,361	8,180,261	3,015,098	8,249,874	3,085,459
Unrestricted	<u>(1,867,693)</u>	<u>(1,601,557)</u>	<u>43,019</u>	<u>45,622</u>	<u>(1,824,674)</u>	<u>(1,555,935)</u>
Total Net Position	<u>14,373</u>	<u>(14,437)</u>	<u>12,265,643</u>	<u>10,692,477</u>	<u>12,280,016</u>	<u>10,678,040</u>
Total Liabilities and Net Position	<u>\$ 2,194,155</u>	<u>\$ 2,252,491</u>	<u>\$ 20,564,512</u>	<u>\$ 14,498,196</u>	<u>\$ 22,758,667</u>	<u>\$ 16,750,687</u>

## Statement of Activities

The following table summarizes revenues and expenses for the primary government:

### Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2014 and 2013

	Governmental Activities 2014	2013	Business-Type Activities 2014	2013	Total Primary Government 2014	2013
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 345,756	\$ 352,559	\$ 3,426,624	\$ 2,945,040	\$ 3,772,380	\$ 3,297,599
Operating grants and contributions	295,261	249,407	369,969	263,580	665,230	512,987
<b>General Revenues</b>						
General property taxes, real and personal	229,932	230,539	-	-	229,932	230,539
Other taxes	280,575	212,089	-	-	280,575	212,089
Noncategorical aid from state	187,632	180,645	-	-	187,632	180,645
Franchise fees	75,008	60,393	-	-	75,008	60,393
Use of property	3,600	1,450	-	-	3,600	1,450
Investment earnings	59	170	10,466	3,046	10,525	3,216
Miscellaneous	8,377	3,157	-	-	8,377	3,157
Proceeds from debt	-	150,000	-	-	-	150,000
<b>Transfers</b>	190,111	47,020	(190,111)	(47,020)	-	-
Total Revenues and Transfers	1,616,311	1,487,429	3,616,948	3,164,646	5,233,259	4,652,075
<b>Expenses</b>						
General government administration	240,692	276,063	-	-	240,692	276,063
Public safety	748,115	726,621	-	-	748,115	726,621
Public works	451,406	259,226	-	-	451,406	259,226
Community development	127,693	228,531	-	-	127,693	228,531
Water and sewer	-	-	2,043,704	1,818,058	2,043,704	1,818,058
Interest on long-term debt	19,595	175,845	-	-	19,595	175,845
Total Expenses	1,587,501	1,666,286	2,043,704	1,818,058	3,631,205	3,484,344
Increase (Decrease) in Net Position	28,810	(178,857)	1,573,244	1,346,588	1,602,054	1,167,731
Beginning Net Position	(14,437)	164,420	10,692,477	9,345,889	10,678,040	9,510,309
Ending Net Position	\$ 14,373	\$ (14,437)	\$ 12,265,721	\$ 10,692,477	\$ 12,280,094	\$ 10,678,040

Governmental activities increased the Town's net position by \$14,373 for fiscal year 2014. Revenues from governmental activities totaled \$1,616,311. Program Revenues comprise the largest source of these revenues, totaling \$641,017 or 39.7 percent of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$1,587,501. Public Safety was the Town's largest program with expenses totaling \$748,115. Public Works, which totals \$451,406, represents the second largest expense.

For the Town's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

## Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2014 and 2013

	<u>2014</u>		<u>2013</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 240,692	\$ (227,680)	\$ 276,063	\$ (247,711)
Public safety	748,115	(450,928)	726,621	(402,094)
Public works	451,406	(374,613)	259,226	(175,430)
Parks, recreation, and cultural	-	-	-	1,124
Community development	127,693	126,332	228,531	(64,364)
Interest on long-term debt	<u>19,595</u>	<u>(19,595)</u>	<u>175,845</u>	<u>(175,845)</u>
Total	<u>\$ 1,587,501</u>	<u>\$ (946,484)</u>	<u>\$1,666,286</u>	<u>\$ (1,064,320)</u>

## FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As of June 30, 2014, the Town's Governmental Funds reported a combined ending fund balance of 32.8 percent, or \$1,824,674, is available for spending at the government's discretion (unassigned fund balance).

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had a deficit unassigned fund balance of \$1,867,693 and a reserved fund balance of \$-0-. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 85.0 percent of total fund expenditures.

- The Water and Sewer Fund contributed \$190,111 in operating funds to finance the General Fund operations.

The Capital Projects Fund has a total fund balance of \$-0-.

## BUDGETARY HIGHLIGHTS

### General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

## Budgetary Comparison

### General Fund

For the Fiscal Years Ended June 30, 2014 and 2013

	<u>Original Budget</u>	<u>2014 Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>2013 Final Budget</u>	<u>Actual</u>
<b>Revenues</b>						
Taxes	\$ 235,000	\$ 235,000	\$ 229,932	\$ 235,000	\$ 235,000	\$ 230,539
Other	1,190,000	1,190,000	1,027,531	728,000	728,000	801,979
Intergovernmental	<u>886,666</u>	<u>886,666</u>	<u>168,737</u>	<u>85,446</u>	<u>85,446</u>	<u>257,267</u>
Total Revenues	2,311,666	2,311,666	1,426,200	1,048,446	1,048,446	1,289,785
<b>Expenditures</b>	<u>2,779,852</u>	<u>2,779,852</u>	<u>1,875,932</u>	<u>1,429,008</u>	<u>1,429,008</u>	<u>1,927,760</u>
Excess (Deficiency) of Revenues over Expenditures	(468,186)	(468,186)	(449,732)	(380,562)	(380,562)	(637,975)
<b>Other Financing Sources (Uses)</b>						
Proceeds from loans	-	-	-	-	-	150,000
Transfers in	<u>-</u>	<u>-</u>	<u>190,111</u>	<u>-</u>	<u>-</u>	<u>47,020</u>
Change in Fund Balance	<u><u>\$ (468,186)</u></u>	<u><u>\$ (468,186)</u></u>	<u><u>\$ (259,621)</u></u>	<u><u>\$ (380,562)</u></u>	<u><u>\$ (380,562)</u></u>	<u><u>\$ (440,955)</u></u>

Actual revenues were less than final budget amounts by \$885,466, or 39 percent, while actual expenditures were \$903,920, or 33 percent less than final budget amounts.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

As of June 30, 2014, the Town's net investment in capital assets totals \$2,075,915, which is net capital assets less related debt for governmental activities and \$12,187,772 for business-type activities.

During fiscal year 2014, the Town's net capital assets (including additions, decreases, and depreciation) decreased \$46,186, or 2.2 percent, for governmental activities and increased \$865,593, or 7.7 percent, for business-type activities, as summarized in the following table:

### Change in Capital Assets

#### Governmental Activities

	<u>Balance July 1, 2013</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2014</u>
Land and land improvements	\$ 1,193,390	\$ -	\$ 1,193,390
Buildings and improvements	616,607	-	616,607
Infrastructure - streets, sidewalks, and systems	416,489	-	416,489
Furniture, equipment, and vehicles	<u>1,967,340</u>	<u>68,828</u>	<u>2,036,168</u>
Total Capital Assets	4,193,826	68,828	4,262,654
Less: Accumulated depreciation and amortization	<u>(2,071,725)</u>	<u>(115,014)</u>	<u>(2,186,739)</u>
Net Capital Assets	<u><u>\$ 2,122,101</u></u>	<u><u>\$ (46,186)</u></u>	<u><u>\$ 2,075,915</u></u>

### Business-Type Activities

	<u>Balance July 1, 2013</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2014</u>
Land and land improvements	\$ 12,535	\$ -	\$ 12,535
Buildings and infrastructure systems	14,829,803	1,227,166	16,056,969
Furniture, equipment, and vehicles	<u>870,932</u>	<u>13,555</u>	<u>884,487</u>
Total Capital Assets	15,713,270	1,240,721	16,953,991
Less: Accumulated depreciation and amortization	<u>(4,391,091)</u>	<u>(375,128)</u>	<u>(4,766,219)</u>
Net Capital Assets	<u>\$ 11,322,179</u>	<u>\$ 865,593</u>	<u>\$ 12,187,772</u>

### Long-Term Debt

As of June 30, 2014, the Town's long-term obligations, excluding the Component Unit, total \$8,408,793.

	<u>Balance July 1, 2013</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2014</u>
<b>Governmental Activities</b>			
Long-term debt	\$ 605,342	\$ (341,880)	\$ 263,462
Compensated absences	<u>144,860</u>	<u>8,226</u>	<u>153,086</u>
Total Governmental Activities	750,202	(333,654)	416,548
<b>Business-Type Activities</b>			
Long-term debt	3,690,422	4,454,909	8,145,331
Compensated absences	<u>61,295</u>	<u>22,559</u>	<u>83,854</u>
Total Business-Type Activities	<u>3,751,717</u>	<u>4,477,468</u>	<u>8,229,185</u>
Total Debt - All Funds	<u>\$ 4,501,919</u>	<u>\$ 4,143,814</u>	<u>\$ 8,645,733</u>

More detailed information on the Town's long-term obligations is presented in Note 8 to the financial statements.



## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

- The average unemployment rate for the Town of Lawrenceville, Virginia, which uses Brunswick County's rate, in June 2014 was 9.0 percent. This compares unfavorably to the state's rate of 5.4 percent and the national rate of 6.3 percent.
- According to the 2010 U.S. Census, the population in the Town of Lawrenceville, Virginia was 1,438.
- The per capita income in the Town of Lawrenceville, Virginia was \$12,519 +/- \$2,275, compared to \$17,376 +/- \$1,548 for the County of Brunswick and \$31,606 +/- \$124 for the state of Virginia, according to the 2010 U.S. Census data.

The fiscal year 2015 adopted budget anticipates General Fund revenues and expenditures to be \$1,073,466, a 1.0 percent increase over the fiscal year 2014 budget.

The fiscal year 2015 adopted budget anticipates water and sewer revenue to be \$2,528,012, a -0-percent increase over the fiscal year 2014 budget.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to C. J. Dean, Town Manager, Town of Lawrenceville, Virginia, 400 N. Main Street, Lawrenceville, Virginia 23868, telephone 434-848-2414, or visit the Town's website at [www.lawrencevilleweb.com](http://www.lawrencevilleweb.com).

# **BASIC FINANCIAL STATEMENTS**

## Town of Lawrenceville, Virginia

## Statement of Net Position

At June 30, 2014

	<u>Primary Government</u>			<u>Component</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Unit</u>
	<u>Activities</u>	<u>Activities</u>		<u>EDA</u>
<b>Assets</b>				
Cash and cash equivalents - unrestricted	\$ 22,440	\$ -	\$ 22,440	\$ 66,102
Cash - restricted	69,613	8,180,261	8,249,874	-
Other receivables	26,187	-	26,187	-
Receivables, net	-	196,479	196,479	-
				-
<b>Capital Assets</b>				
Capital assets, not depreciated	1,193,390	12,535	1,205,925	-
Other capital assets, net of accumulated depreciation	<u>882,525</u>	<u>12,175,237</u>	<u>13,057,762</u>	<u>60,327</u>
Capital Assets, Net	<u>2,075,915</u>	<u>12,187,772</u>	<u>14,263,687</u>	<u>60,327</u>
Total Assets	<u>\$ 2,194,155</u>	<u>\$ 20,564,512</u>	<u>\$ 22,758,667</u>	<u>\$ 126,429</u>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 48,037	\$ 40,595	\$ 88,632	\$ 27,247
Due to other funds	1,715,197	29,011	1,744,208	-
<b>Long-Term Liabilities</b>				
<i>Due within one year</i>				
Bonds, loans, and capital leases payable	61,166	532,915	594,081	-
<i>Due in more than one year</i>				
Compensated absences	153,086	83,854	236,940	-
Bonds, loans, and capital leases payable	<u>202,296</u>	<u>7,612,494</u>	<u>7,814,790</u>	<u>-</u>
Total Liabilities	2,179,782	8,298,869	10,478,651	27,247
<b>Net Position</b>				
Net investment in capital assets	1,812,453	4,042,363	5,854,816	60,327
Restricted	69,613	8,180,261	8,249,874	-
Unrestricted	<u>(1,867,693)</u>	<u>43,019</u>	<u>(1,824,674)</u>	<u>38,855</u>
Total Net Position	<u>14,373</u>	<u>12,265,643</u>	<u>12,280,016</u>	<u>99,182</u>
Total Liabilities and Net Position	<u>\$ 2,194,155</u>	<u>\$ 20,564,512</u>	<u>\$ 22,758,667</u>	<u>\$ 126,429</u>

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

## Town of Lawrenceville, Virginia

## Statement of Activities

For the Year Ended June 30, 2014

<u>Functions/Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit EDA</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-Type Activities</u>	<u>Total</u>	
<b>Primary Government</b>								
<b>Governmental Activities</b>								
General government administration	\$ 240,692	\$ -	\$ 13,012	\$ -	\$ (227,680)	\$ -	\$ (227,680)	
Public safety	748,115	223,655	73,532	-	(450,928)	-	(450,928)	
Public works	451,406	76,793	-	-	(374,613)	-	(374,613)	
Parks, recreation, and cultural	-	-	-	-	-	-	-	
Community development	127,693	45,308	208,717	-	126,332	-	126,332	
Debt service	19,595	-	-	-	(19,595)	-	(19,595)	
Total Governmental Activities	1,587,501	345,756	295,261	-	(946,484)	-	(946,484)	
<b>Business-Type Activities</b>								
Proprietary funds - Water and Sewer	2,043,704	3,426,624	369,969	-	-	1,752,889	1,752,889	
Total Business-Type Activities	2,043,704	3,426,624	369,969	-	-	1,752,889	1,752,889	
Total Primary Government	<u>\$ 3,631,205</u>	<u>\$ 3,772,380</u>	<u>\$ 665,230</u>	<u>\$ -</u>	(946,484)	1,752,889	806,405	
<b>Component Unit</b>								
EDA	<u>\$ 22,319</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ -</u>				\$ (17,319)
<b>General Revenues</b>								
<b>Taxes</b>								
General property taxes, real and personal					229,932	-	229,932	-
Other local taxes					280,575	-	280,575	-
Franchise fees					75,008	-	75,008	-
Other taxes					187,632	-	187,632	-
Use of property					3,600	-	3,600	27,275
Investment earnings					59	10,466	10,525	-
Miscellaneous					8,377	-	8,377	-
<b>Transfers</b>					190,111	(190,111)	-	-
Total General Revenues and Transfers					975,294	(179,645)	795,649	27,275
Change in Net Position					28,810	1,573,244	1,602,054	9,956
Net Position (Deficit) - Beginning of Year					(14,437)	10,692,477	10,678,040	55,826
Non-Cash Capital Contributions					-	-	-	33,400
Net Position - End of Year					<u>\$ 14,373</u>	<u>\$ 12,265,721</u>	<u>\$ 12,280,094</u>	<u>\$ 99,182</u>

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

**Town of Lawrenceville, Virginia**

Balance Sheet

Governmental Funds

At June 30, 2014

	<b>General Fund</b>	<b>Special Revenue Cemetery Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>			
Cash and investments	\$ 22,440	\$ 69,613	\$ 92,053
Other receivables	<u>26,187</u>	<u>-</u>	<u>26,187</u>
Total Assets	<u>\$ 48,627</u>	<u>\$ 69,613</u>	<u>\$ 118,240</u>
<b>Liabilities</b>			
Accounts payable	\$ 41,714	\$ -	\$ 41,714
Accrued liabilities	6,323	-	6,323
Due to other funds	<u>1,715,197</u>	<u>-</u>	<u>1,715,197</u>
Total Liabilities	1,763,234	-	1,763,234
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - property taxes	<u>8,044</u>	<u>-</u>	<u>8,044</u>
Total Deferred Inflows of Resources	8,044	-	8,044
<b>Fund Balance (Deficit)</b>			
Assigned fund balance	-	69,613	69,613
Unassigned fund balance (deficit)	<u>(1,722,651)</u>	<u>-</u>	<u>(1,722,651)</u>
Total Fund Balance (Deficit)	<u>(1,722,651)</u>	<u>69,613</u>	<u>(1,653,038)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance (Deficit)	<u>\$ 48,627</u>	<u>\$ 69,613</u>	<u>\$ 118,240</u>

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

**Town of Lawrenceville, Virginia**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2014

Total Fund Balances for Governmental Funds	\$ (1,653,038)
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Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 1,193,390
Infrastructure - streets, sidewalks, systems	379,373
Buildings and improvements, net of accumulated depreciation	265,422
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>237,730</u>

Total Capital Assets	2,075,915
----------------------	-----------

Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes	8,044
--------------------------------------	-------

Liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Long-term liabilities, including bonds payable	(263,462)
Compensated absences	<u>(153,086)</u>

Total	<u>(416,548)</u>
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Total Net Position of Governmental Activities	<u><u>\$ 14,373</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

# **Town of Lawrenceville, Virginia**

## Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

### Governmental Funds

Year Ended June 30, 2014

	<b>General Fund</b>	<b>Special Revenue Cemetery Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Property taxes	\$ 229,932	\$ -	\$ 229,932
Other local taxes	543,215	-	543,215
Fines and forfeitures	93,579	-	93,579
Use of money and property	3,659	95	3,754
Charges for services	76,793	-	76,793
Miscellaneous	310,285	-	310,285
<i>Intergovernmental</i>			
Revenue from the Commonwealth of Virginia	44,127	-	44,127
Revenue from the Federal Government	<u>124,610</u>	<u>-</u>	<u>124,610</u>
Total Revenues	1,426,200	95	1,426,295
<b>Expenditures</b>			
<b>Current</b>			
General government administration	238,114	-	238,114
Public safety	746,734	-	746,734
Public works	401,918	-	401,918
Community development	127,693	843	128,536
Debt service	<u>361,473</u>	<u>-</u>	<u>361,473</u>
Total Expenditures	<u>1,875,932</u>	<u>843</u>	<u>1,876,775</u>
Excess (Deficiency) of Revenues Over Expenditures	(449,732)	(748)	(450,480)
<b>Other Financing Sources (Uses)</b>			
Transfers	<u>190,111</u>	<u>-</u>	<u>190,111</u>
Total Other Financing Sources (Uses)	<u>190,111</u>	<u>-</u>	<u>190,111</u>
Net Change in Fund Balance	(259,621)	(748)	(260,369)
Fund Balance (Deficit) - Beginning of Year	<u>(1,463,030)</u>	<u>70,361</u>	<u>(1,392,669)</u>
Fund Balance (Deficit) - End of Year	<u><u>\$ (1,722,651)</u></u>	<u><u>\$ 69,613</u></u>	<u><u>\$ (1,653,038)</u></u>

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

### Town of Lawrenceville, Virginia

#### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ (260,369)
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(64,621)
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Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements, but recognized in the Statement of Activities.	8,044
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Bond and capital lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

Repayments on debt	\$ 341,880	
Miscellaneous other	<u>12,102</u>	
Net Adjustment		353,982

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:

Compensated absences	<u>(8,226)</u>	
Net Adjustment		<u>(8,226)</u>

Change in Net Position of Governmental Activities	<u>\$ 28,810</u>
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The accompanying notes to financial statements are an integral part of this statement.



**Town of Lawrenceville, Virginia**

Statement of Net Position

Proprietary Funds

At June 30, 2014

**Business-Type  
Activities -  
Enterprise Fund  
Water and Sewer  
Fund**

**Assets**

**Current Assets**

Cash and investments	\$ 8,180,261
Receivables, net	<u>196,479</u>
Total Current Assets	8,376,740

**Noncurrent Assets**

Other capital assets, net of accumulated depreciation	<u>12,187,772</u>
Total Noncurrent Assets	<u>12,187,772</u>
Total Assets	<u><u>\$ 20,564,512</u></u>

**Liabilities**

**Current Liabilities**

Accounts payable and accrued expenses	\$ 40,595
Short-term portion of debt	<u>532,915</u>
Total Current Liabilities	573,510

**Noncurrent Liabilities**

Customer deposits	29,011
Compensated absences	83,854
Long-term debt	<u>7,612,416</u>
Total Noncurrent Liabilities	<u>7,725,281</u>
Total Liabilities	8,298,791

**Net Position**

Net investment in capital assets	4,042,441
Restricted	8,180,261
Unrestricted	<u>43,019</u>
Total Net Position	<u>12,265,721</u>
Total Liabilities and Net Position	<u><u>\$ 20,564,512</u></u>

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

**Town of Lawrenceville, Virginia**

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2014

**Business-Type  
Activities -  
Enterprise Fund  
Water and Sewer  
Fund**

**Operating Revenues**

Charges for services, net	\$ 1,919,508
Dominion project	1,500,000
Miscellaneous	<u>7,116</u>

Total Operating Revenues 3,426,624

**Operating Expenses**

Salaries and wages	414,227
Fringe benefits	132,830
Fees and permits	213,487
Repairs and maintenance	237,046
Materials and supplies	240,316
Utilities and telephone	139,290
Insurance	30,831
Other miscellaneous expenses	107,108
Depreciation	<u>375,129</u>

Total Operating Expenses 1,890,264

Operating Income 1,536,360

**Nonoperating Revenues (Expenses)**

Interest income	10,466
Tobacco Grant	130,709
IDA reimbursements	239,260
Interest expense	<u>(153,440)</u>

Total Nonoperating Revenues (Expenses) 226,995

Income Before Transfers 1,763,355

Transfers In (Out) (190,111)

Change in Net Position 1,573,244

Total Net Position - Beginning of Year 10,692,477

Total Net Position - End of Year \$ 12,265,721

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

## Town of Lawrenceville, Virginia

## Statement of Cash Flows

## Proprietary Funds

Year Ended June 30, 2014

	<b>Business-Type Activities - Enterprise Fund Water and Sewer Fund</b>
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 1,885,418
Other receipts	1,507,116
Payments to personnel and suppliers	<u>(1,478,442)</u>
Net Cash Provided by Operating Activities	1,914,092
<b>Cash Flows from Noncapital Financing Activities</b>	
Funds from (paid to) other funds	(190,111)
Reimbursements	<u>369,968</u>
Net Cash Provided by Noncapital Financing Activities	179,857
<b>Cash Flows from Capital and Related Financing Activities</b>	
Repayment of long-term debt - principal	(2,326,091)
Proceeds from loans	6,781,000
Repayment of long-term debt - interest	(153,440)
Water and sewer capital expenditures	<u>(1,240,721)</u>
Net Cash Provided by Capital and Related Financing Activities	3,060,748
<b>Cash Flows from Investing Activities</b>	
Interest income	<u>10,466</u>
Net Cash Provided by Investing Activities	<u>10,466</u>
Net Increase in Cash and Cash Equivalents	5,165,163
Cash and Cash Equivalents - Beginning of Year	<u>3,015,098</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 8,180,261</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>	
Operating income	\$ 1,536,360
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation expense	375,129
Changes in assets and liabilities	
Receivables, net	(35,560)
Compensated absences	22,559
Accounts payable and accrued expenses	14,134
Customer deposits	<u>1,470</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,914,092</u></u>

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

## Town of Lawrenceville, Virginia

### Notes to Financial Statements

Year Ended June 30, 2014

## 1 Summary of Significant Accounting Policies

### *Narrative Profile*

The Town of Lawrenceville, Virginia (the "Town"), which was founded in 1814, has a population of approximately 1,438 living within an area of 1.142 square miles. The Town is the County Seat of Brunswick County, Virginia. The Town is governed by a Town Manager and a seven-member Town Council with each serving administrative and legislative functions.

The Town engages in a comprehensive range of municipal services, including general government administration, public safety, public works, parks, recreation, and cultural, and community development.

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

### **1-A. Financial Reporting Entity**

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

### **Individual Component Unit Disclosures**

#### **Discretely Presented Component Unit**

##### *Economic Development Authority of the Town of Lawrenceville, Virginia*

A seven-member board appointed by the Town Council of the Town of Lawrenceville, Virginia governs the Authority. The directors are to serve staggered terms of one to four years each.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. The Authority may retain liability under the bonds or it may be assumed by the enterprise for which facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be secured by a deed of trust on those facilities.

#### **1-B. Financial Reporting Model**

The Town's Comprehensive Annual Financial Report includes management's discussion and analysis, the basic financial statements, and other supplementary information, described as follows:

*Management's Discussion and Analysis* – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the Town's financial activities.

*Government-wide Financial Statements* – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Town as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Town's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of the primary government are not included in the government-wide financial statements.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the Town and its discretely presented component unit at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each identifiable activity of the business-type activities of the Town. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The Town does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not considered to be program revenues are reported as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the Town.

*Fund Financial Statements* – During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and proprietary funds are reported in separate columns.

*Reconciliation of Government-wide and Fund Financial Statements* – Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total governmental activities net position as shown on the government-wide Statement of Net Position is presented. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net position of governmental activities as shown on the government-wide Statement of Activities is presented.

#### **1-C. Financial Statement Presentation**

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

*Governmental Funds* – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the Town's major governmental funds:

##### *Major Governmental Funds*

*General Fund* – The General Fund is the primary operating fund of the Town and accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

*Special Revenue Funds* – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:

Cemetery Fund – This fund accounts for Town revenues collected and disbursed for maintenance of the Cemetery Fund controlled by the Town.

*Capital Projects Funds* – The Capital Projects Fund consists of the CDBG Fund which accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

*Proprietary Funds* – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has one enterprise fund, the Water and Sewer Fund, which accounts for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges.

*Fiduciary Funds – (Agency Funds)* – Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no Agency Funds at this time.

*Component Unit (Economic Development Authority of the Town of Lawrenceville, Virginia)*

The Economic Development Authority of the Town of Lawrenceville, Virginia has the following fund:

Proprietary Fund – This fund has an unrestricted net position of \$38,855.

#### **1-D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



When both restricted and unrestricted resources are available for use, it is the Town's policy to use unrestricted resources first, and then restricted resources as they are needed.

**1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity**

*1-E-1 Cash and Cash Equivalents*

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The Town allocates investment earnings of the cash and investment pool to each participating fund on a monthly basis in accordance with that fund's average equity balance in the pool for that month.

*1-E-2 Investments*

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

*1-E-3 Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portions of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$8,044 at June 30 for property taxes.

General Fund - taxes receivable	\$ 8,044
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*Real and Personal Property Tax Data*

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

**Real Property   Personal Property**

Levy	January 1	January 1
Due Date	January 5	January 5
Lien Date	January 5	January 5

The Town bills and collects its own property taxes.

A ten percent penalty or \$10 minimum is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes on the 6<sup>th</sup> of each month, beginning on January 6.

#### *1-E-4 Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

#### *1-E-5 Capital Assets*

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The Town reports these assets in the governmental activities column of the government-wide Statement of Net Position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the enterprise funds' Statement of Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Town's infrastructure consists primarily of roads and bridges. Improvements to capital assets are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	20 to 40 years
Furniture, machinery, and equipment (includes vehicles)	7 to 20 years
Infrastructure	60 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

#### *1-E-6 Deferred Outflows/Inflows of Resources*

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, and is deferred and recognized as an inflow of resources in the period that the amount becomes available.

#### *1-E-7 Compensated Absences*

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

#### *1-E-8 Retirement Plan*

Retirement plan contributions are actuarially determined for the Virginia Retirement System (VRS) and consist of current service costs and amortization of prior service cost over a 30-year period. The Town's policy is to fund pension cost at the actuarially determined rates.

#### *1-E-9 Other Postemployment Benefits Plans*

Other postemployment benefit plan contributions are actuarially determined to project the present value of postemployment benefits for retired and active employees. The notes to financial statements present required schedules of funding progress that includes multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### *1-E-10 Fund Equity*

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

*Governmental Fund Balances* – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

*Net Position* – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

#### *1-E-11 Operating Revenues and Expenses*

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are charges for services or utilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All other items that do not directly relate to the principal and usual activity of the fund are recorded as nonoperating revenues and expenses. These items include investment earnings and gains or losses on the disposition of capital assets.

#### *1-E-12 Interfund Activity*

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

#### *1-E-13 Long-Term Obligations*

The Town reports long-term debt of Governmental Funds at face value in the general long-term debt account group. The face value of the debt is believed to approximate fair value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities in the appropriate funds.

### 1-E-14 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## 2 Stewardship, Compliance, and Accountability

### *Budgets and Budgetary Accounting*

The Town Council annually adopts budgets for the various funds of the primary government and Component Unit. All appropriations are legally controlled at the department level for the primary Government Funds. The Component Unit appropriation is determined by the Town Council and controlled in total by the primary government. Unexpended appropriations lapse at the end of each fiscal year.

### *Budgetary Data*

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

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital 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 budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component units.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.

Expenditures exceeded appropriations in the following funds at June 30, 2014:

General government administration	<u>\$ 42,016</u>
Public safety	<u>\$ (89,127)</u>
Debt service	<u>\$ (315,929)</u>

### **Fund Deficits**

The General Fund had a deficit fund balance at the end of the year of \$1,867,693.

The business-type activities had an unrestricted net position deficit of \$43,019 and the Component Unit had one of \$38,855.

### 3 Deposits and Investments

#### *Deposits*

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

#### *Investments*

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

The Town does not have a formal investment policy addressing the various types of risks associated with investments.

#### *Interest Rate Risk*

Through its investment policy, the Town manages its exposure to fair value losses arising from increasing interest rates by limiting the duration of its investment portfolio. As of June 30, investments held in the portfolio can be liquidated daily.

#### *Concentration of Credit Risk*

The Town places no limit on the amount the Treasurer may invest in any one issuer. More than 5 percent of the Town's investments are in a repurchase agreement with a financial institution. This investment is 100 percent of the Town's total cash and investments.

The following is a summary of cash and investments:

<u>Asset Type</u>	<u>Balance June 30, 2014</u>
Petty cash	\$ 200
Deposit accounts	<u>8,272,114</u>
Total Cash and Cash Equivalents	<u>\$ 8,272,314</u>

## 4 Receivables

Receivables at June 30, 2014 consist of the following:

	<b>Primary Government</b>		
	<b>Governmental Activities General</b>	<b>Business-Type Activities</b>	<b>Component Unit</b>
Property taxes	\$ 26,755	\$ -	\$ -
Other receivables	7,476	-	-
Water and sewer	-	196,479	-
Total	34,231	196,479	-
Allowance for uncollectibles	(8,044)	-	-
Net Receivables	<u>\$ 26,187</u>	<u>\$ 196,479</u>	<u>\$ -</u>

## 5 Interfund Transfers

Interfund transfers for the year ended June 30, 2014 consisted of the following:

<b>Primary Government</b>	<b>Transfer To</b>	<b>Transfer From</b>
<b>General Fund</b>		
From Enterprise Fund for operating costs and debt service	\$ -	\$ 190,111
<b>Enterprise Fund</b>		
To General Fund for operating costs and debt service	190,111	-
Total Transfers	<u>\$ 190,111</u>	<u>\$ 190,111</u>

## 6 Capital Assets

The following is a summary of changes in capital assets:

### Governmental Activities

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 1,193,390	\$ -	\$ -	\$ 1,193,390
Total Capital Assets Not Being Depreciated	1,193,390	-	-	1,193,390
<b>Other Capital Assets</b>				
Buildings and improvements	616,607	-	-	616,607
Infrastructure - streets, sidewalks, systems	416,489	-	-	416,489
Furniture, equipment, and vehicles	1,967,340	87,263	18,435	2,036,168
Total Other Capital Assets	3,000,436	87,263	18,435	3,069,264
<b>Less: Accumulated depreciation for</b>				
Buildings and improvements	343,487	7,698	-	351,185
Infrastructure - streets, sidewalks, systems	28,698	8,418	-	37,116
Furniture, equipment, and vehicles	1,699,540	117,333	18,435	1,798,438
Total Accumulated Depreciation	2,071,725	133,449	18,435	2,186,739
Other Capital Assets, Net	928,711	(46,186)	-	882,525
Net Capital Assets	\$ 2,122,101	\$ (46,186)	\$ -	\$ 2,075,915

### Depreciation expense was allocated as follows:

General government administration	\$ 13,752
Public safety	62,105
Public works	57,592
Total Depreciation Expense	\$ 133,449



**Business-Type Activities**

	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>
<b>Capital Assets Not Being Depreciated</b>				
Land and land improvements	\$ 12,535	\$ -	\$ -	\$ 12,535
Total Capital Assets Not Being Depreciated	12,535	-	-	12,535
<b>Other Capital Assets</b>				
Buildings and systems	14,829,803	1,227,166	-	16,056,969
Furniture, equipment, and vehicles	769,836	13,555	-	783,391
Total Other Capital Assets	15,599,639	1,240,721	-	16,840,360
<b>Less: Accumulated depreciation for</b>				
Buildings and systems	4,073,522	330,125	-	4,403,647
Furniture, equipment, and vehicles	216,473	45,003	-	261,476
Total Accumulated Depreciation	4,289,995	375,128	-	4,665,123
Other Capital Assets, Net	11,309,644	865,593	-	12,175,237
Net Capital Assets	<u>\$ 11,322,179</u>	<u>\$ 865,593</u>	<u>\$ -</u>	<u>\$ 12,187,772</u>

**Component Unit**

	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 14,000	\$ 3,400	\$ 14,000	\$ 3,400
Work in process	-	27,247	-	27,247
Total Capital Assets Not Being Depreciated	14,000	30,647	14,000	30,647
<b>Other Capital Assets</b>				
Buildings and improvements	33,890	30,000	33,890	30,000
Total Other Capital Assets	33,890	30,000	33,890	30,000
<b>Less: Accumulated depreciation for</b>				
Other Capital Assets	1,557	588	1,825	320
Total Accumulated Depreciation	1,557	588	1,825	320
Other Capital Assets, Net	32,333	29,412	32,065	29,680
Net Capital Assets	<u>\$ 46,333</u>	<u>\$ 60,059</u>	<u>\$ 46,065</u>	<u>\$ 60,327</u>

## 7 Compensated Absences

Each Town employee earns vacation at the rate of a minimum of 4 hours per month up to 10 hours per month based on years of service. Sick leave is earned at the rate of 8 hours per month. Unused sick leave will not be paid to employees while they are employed or upon termination of employment. Accumulated vacation time is paid through the last day of work or upon termination. The Town has outstanding compensated absences totaling \$153,086 for the governmental activities and \$83,854 for the business-type activities.

## 8 Long-Term Debt

### PRIMARY GOVERNMENT

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

<u>Year(s) Ended June 30.</u>	<u>Governmental Funds</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 61,166	\$ 11,932	\$ 532,915	\$ 350,575
2016	63,944	8,586	681,514	230,909
2017	30,605	5,737	696,786	252,486
2018	31,866	4,476	719,346	227,699
2019	33,179	3,163	639,770	184,761
2020 and thereafter	42,702	1,796	4,875,000	1,729,330
Compensated absences	<u>153,086</u>	<u>-</u>	<u>83,854</u>	<u>-</u>
Total	<u>\$ 416,548</u>	<u>\$ 35,690</u>	<u>\$ 8,229,185</u>	<u>\$ 2,975,760</u>

### Changes in Long-Term Debt

The following is a summary of changes in long-term obligations of the Town:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
<b>General Fund</b>					
Note Payable to First Citizens Bank, originally dated December 12, 1997 and modified December 12, 2002, payable annually at \$17,109 principal and interest at the rate of 3.75% through December 12, 2007. After that date, the interest rate will be variable according to the perimeters set in the original agreement for years 11-20 (20 years total).	\$ 64,652	\$ -	\$ 64,652	\$ -	\$ -
Note Payable to First Citizens Bank, dated March 17, 2006. Principal amount of original note is \$400,000 with interest at the rate of 4.12%, per annum, payable in fifteen annual payments of \$36,342 commencing February 17, 2007 and continuing on the same day every year thereafter until paid in full.	221,886	-	25,634	196,252	28,179
Note Payable to First Citizens Bank, dated March 17, 2006. Principal amount of original note is \$283,000 with interest at the rate of 4.60%, per annum, payable in ten annual payments of \$36,188 commencing March 17, 2007 and continuing on the same day every year thereafter until paid in full.	98,615	-	31,405	67,210	32,987
Note Payable to Benchmark Community Bank, dated January 22, 2002 and payable in monthly installments of \$1,720 principal with interest at the rate of 4.16% for 15 years.	70,189	-	70,189	-	-
Lease Payable to First Citizens Bank, dated June 1, 2013. Principal amount of original lease is \$150,000 with interest at the rate of 1.75% per annum, payable in one installment due in 180 days plus interest of \$1,312.50. Payment is due on December 1, 2013. Lease #10125010.	150,000	-	150,000	-	-
Compensated absences	<u>144,860</u>	<u>8,226</u>	<u>-</u>	<u>153,086</u>	<u>-</u>
Total Governmental Activities	750,202	8,226	341,880	416,548	61,166

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Due Within</u> <u>One Year</u>
<b>Business-Type Activities</b>					
<b>Enterprise Funds</b>					
Lease Purchase Agreement, dated April 15, 2009. Principal amount of original lease is \$140,000 with interest at the rate of 3.65%, payable in six annual installments of \$26,403 commencing in the year 2010 and continuing until paid in full.	50,050	-	24,577	25,473	25,473
General Obligation Water and Sewer Revenue Bond, dated June 30, 1995. Principal amount of original issue is \$443,263 with interest at the rate of 4.50% for 240 months (20 years).	80,450	-	80,450	-	-
General Obligation Water and Sewer Bond and General Obligation Water and Sewer Revenue Bond, dated October 2, 1997. Principal amount of original issue is \$4,976,707 with interest at a rate of 3.00%. Commencing December 1, 1999, and continuing semi-annually thereafter on June 1 and December 1 in each year, principal and interest shall be payable in the aggregate in equal installments of \$169,480, with a final installment of \$169,480 due and payable on December 1, 2018.	1,707,115	-	1,707,115	-	-
Taxable Water and Sewer System Revenue Refunding Bond Series 2010. Principal amount of original issue is \$860,000 with a variable interest rate. Interest on this bond shall be payable in annual installments on each April 1 and October 1, commencing October 1, 2010. Principal shall be paid annually each October 1 until the Bond is paid in full or for seventeen years, whichever occurs first. (Refinancing of Series 2002A Bond)	770,000	-	45,000	725,000	40,000
Note Payable to Benchmark Community Bank, dated February 2010. Principal amount of original note is \$400,000 with interest at the rate of 5.49% per annum, payable in four annual installments of \$39,833 with the first payment being due one year from the original date of the note and one balloon payment of \$340,163 due February 2015.	342,940	-	342,940	-	-
Taxable Water and Sewer System Revenue Bonds, Series of 1999. Principal amount of original issue is \$1,981,000 with interest at the rate of 4.50% and shall provide for payment of interest only on the first anniversary of the closing date. Installments of combined principal and interest of \$12,956 shall be paid until the Bond is paid in full or for 240 months (20 years), whichever occurs first.	739,867	-	126,009	613,858	130,442

	<u>Balance July 1, 2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Taxable General Obligation Bond, Series 2014A, Taxable Utility System Revenue Bond, Series 2014B, and Taxable Revenue Refunding Bond, Series 2014C. Series 2014A and 2014B interest payments are due semi-annually on February 1 and August 1 each year, commencing August 1, 2014. Interest has been capitalized for the first year, until May 22, 2015. Principal payments are due annually on February 1, commencing February 1, 2016. The final maturity is February 1, 2034 for Series A, and February 1, 2024 for Series B. Series 2014C interest payments are due semi-annually on February 1 and August 1 each year, commencing August 1, 2014. Principal payments are due annually on August 1, commencing August 1, 2014. The final maturity for Series C is August 1, 2019.					
	-	6,781,000	-	<b>6,781,000</b>	337,000
Compensated absences	<u>61,295</u>	<u>22,559</u>	<u>-</u>	<b>83,854</b>	-
Total Business-Type Activities	<u>3,751,717</u>	<u>6,803,559</u>	<u>2,326,091</u>	<b>8,229,185</b>	532,915
Total Debt - All Funds	<u>\$ 4,501,919</u>	<u>\$ 6,811,785</u>	<u>\$ 2,667,971</u>	<b>\$ 8,645,733</b>	\$ 594,081

## 9 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2014 is determined as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Component Unit EDA</u>
<b>Net Investment in Capital Assets</b>			
Cost of capital assets	\$ 4,262,654	\$ 16,852,895	\$ 60,647
Less: Accumulated depreciation	<u>2,186,739</u>	<u>4,665,123</u>	<u>320</u>
Book value	2,075,915	12,187,772	60,327
Less: Capital related debt	263,462	8,145,331	-
Less: Unamortized debt issuance premium	-	-	-
Net Investment in Capital Assets	<u>\$ 1,812,453</u>	<u>\$ 4,042,441</u>	<u>\$ 60,327</u>

## 10 Deferred Inflows of Resources

Deferred inflows of resources from unavailable property taxes are comprised of the following:

### Primary Government - Deferred Inflows of Resources

#### General Fund

Delinquent taxes not collected within 60 days	\$ 8,044
Prepaid property taxes - property taxes paid in advance	<u>1,078</u>

Total Deferred Inflows of Resources - Governmental Funds	<u>\$ 9,122</u>
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## 11 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Municipal Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

## 12 Commitments and Contingencies

If applicable, federal programs in which the Town and the discretely presented component unit participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Pursuant to the provisions of this circular, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

## 13 Litigation

At June 30, 2014, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions or pending matters not be favorable to such entities.

## 14 Legal Compliance

### *Computation of Legal Debt Margin*

Total Assessed Value of Taxed Real Estate	<u>\$ 48,308,083</u>
Debt Limit - 10 Percent of Total Assessed Value	\$ 4,830,808
Amount of Debt Applicable to Debt Limit	
General obligation debt	<u>3,400,000</u>
Legal Debt Margin	<u>\$ 1,430,808</u>

## 15 Surety Bond Information

The following are insured through the Virginia Municipal League in effect at June 30, 2014:

<u>Name</u>	<u>Fund</u>	<u>Amount</u>	<u>Insurance Company</u>
Blanket Coverage All employees	All Funds	\$250,000	Virginia Municipal League

## 16 Pension Plan

### A. Plan Description

<i>Name of Plan:</i>	Virginia Retirement System (VRS)
<i>Identification of Plan:</i>	Agent and Cost-Sharing Multiple-Employer Pension Plan
<i>Administering Entity:</i>	Virginia Retirement System (System)

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2, and Hybrid. Each plan has different eligibility and benefit structures as set out in the table below:

## VRS PLAN 1

### *About VRS Plan 1*

VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

### *Eligible Members*

Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

### *Hybrid Opt-In Election*

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

## VRS PLAN 2

### *About VRS Plan 2*

VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

### *Eligible Members*

Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

### *Hybrid Opt-In Election*

VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

## HYBRID RETIREMENT PLAN

### *About the Hybrid Retirement Plan*

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")

- The defined benefit is based on a member's age, creditable service, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

### *Eligible Members*

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees\*
- School division employees
- Political subdivision employees\*
- Judges appointed or elected to an original term on or after January 1, 2014
- Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

### *\*Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)
- Members of the Virginia Law Officers' Retirement System (VaLORS)
- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under VRS Plan 1 or VRS Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.



**VRS  
PLAN 1**

*Retirement Contributions*

Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

*Creditable Service*

Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

*Vesting*

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

**VRS  
PLAN 2**

*Retirement Contributions*

Same as VRS Plan 1.

*Creditable Service*

Same as VRS Plan 1.

*Vesting*

Same as VRS Plan 1.

**HYBRID  
RETIREMENT PLAN**

*Retirement Contributions*

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

*Creditable Service*

**Defined Benefit Component:**

Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.

**Defined Contribution Component:**

Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

*Vesting*

**Defined Benefit Component:**

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

**Defined Contribution Component:**

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required by law until age 70 1/2.

**VRS  
PLAN 1**

*Calculating the Benefit*

The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier, and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

*Average Final Compensation*

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

*Service Retirement Multiplier*

The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

*Normal Retirement Age*

Age 65.

*Earliest Unreduced Retirement Eligibility*

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

*Earliest Reduced Retirement Eligibility*

Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

**VRS  
PLAN 2**

*Calculating the Benefit*

See definition under VRS Plan 1.

*Average Final Compensation*

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

*Service Retirement Multiplier*

Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013.

*Normal Retirement Age*

Normal Social Security retirement age.

*Earliest Unreduced Retirement Eligibility*

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

*Earliest Reduced Retirement Eligibility*

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

**HYBRID  
RETIREMENT PLAN**

*Calculating the Benefit*

**Defined Benefit Component:**

See definition under VRS Plan 1.

**Defined Contribution Component:**

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

*Average Final Compensation*

Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

*Service Retirement Multiplier*

The retirement multiplier is 1.0%.

For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

*Normal Retirement Age*

**Defined Benefit Component:**

Same as VRS Plan 2.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

*Earliest Unreduced Retirement Eligibility*

**Defined Benefit Component:**

Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

*Earliest Reduced Retirement Eligibility*

**Defined Benefit Component:**

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

**VRS  
PLAN 1**

*Cost-of-Living Adjustment (COLA) in Retirement*

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

*Eligibility:*

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

*Exceptions to COLA Effective Dates:*

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

*Disability Coverage*

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased, or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

**VRS  
PLAN 2**

*Cost-of-Living Adjustment (COLA) in Retirement*

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

*Eligibility:*

Same as VRS Plan 1

*Exceptions to COLA Effective Dates:*

Same as VRS Plan 1

*Disability Coverage*

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it is earned, purchased, or granted.

Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

**HYBRID  
RETIREMENT PLAN**

*Cost-of-Living Adjustment (COLA) in Retirement*

**Defined Benefit Component:**

Same as VRS Plan 2

**Defined Contribution Component:**

Not applicable

*Eligibility:*

Same as VRS Plan 1 and VRS Plan 2

*Exceptions to COLA Effective Dates:*

Same as VRS Plan 1 and VRS Plan 2

*Disability Coverage*

Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

**VRS  
PLAN 1**

*Purchase of Prior Service*

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

**VRS  
PLAN 2**

*Purchase of Prior Service*

Same as VRS Plan 1

**HYBRID  
RETIREMENT PLAN**

*Purchase of Prior Service*

**Defined Benefit Component:**

Same as VRS Plan 1

**Defined Contribution Component:**

Not applicable

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at [http://www.varetire.org/Pdf/Publications/2013\\_-annual-report.pdf](http://www.varetire.org/Pdf/Publications/2013_-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

#### B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Town's contribution rate for the fiscal year ended 2014 was **11.16%** of annual covered payroll.

#### C. Annual Pension Cost

For fiscal year 2014, Town's annual pension cost of **\$93,786** was equal to the Town's required and actual contributions.

##### Three-Year Trend Information for Town

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2012	\$119,193	100.0%	\$ -
June 30, 2013	101,551	100.0%	-
<b>June 30, 2014</b>	<b>93,786</b>	<b>100.0%</b>	<b>-</b>

The FY 2014 required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2013 included (a) an investment rate of return (net of administrative expenses) of **7.00%**, (b) projected salary increases ranging from **3.50% to 5.35%** per year for general government employees, and **3.50% to 4.75%** for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of **2.50%** per year for Plan 1 employees and **2.25%** for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of **2.50%**. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2013 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years.

#### D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was **90.35%** funded. The actuarial accrued liability for benefits was **\$3,235,708**, and the actuarial value of assets was **\$2,467,607**, resulting in an unfunded actuarial accrued liability (UAAL) of **\$768,101**. The covered payroll (annual payroll of active employees covered by the plan) was **\$850,174**, and ratio of the UAAL to the covered payroll was **76.26%**.

The schedule of funding progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

##### REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for Town

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
			Unfunded			
Actuarial	Actuarial	Actuarial	Actuarial	Funded	Covered	UAAL as a
Valuation	Value of	Accrued	Liability	Ratio	Payroll	Percentage
Date	Assets	Liability (AAL)	(UAAL)			of Covered
						Payroll
June 30, 2011	\$2,287,459	\$ 2,934,556	\$647,097	77.95%	\$725,423	89.20%
June 30, 2012	2,334,323	3,130,648	796,325	74.56%	745,183	106.86%
<b>June 30, 2013</b>	<b>2,467,607</b>	<b>3,235,708</b>	<b>768,101</b>	<b>76.26%</b>	<b>850,174</b>	<b>90.35%</b>

This information presented in the above schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Payroll Growth Rate	3.00%
Remaining Amortization Period	30 Years (decreasing by one each year in subsequent valuations until reaching 0 years)
Asset Valuation Method	Five-Year Smoothed Market Value
Actuarial Assumptions	
a. Investment Rate of Return*	7.00%
b. Projected Salary Increases*	
1) Non-LEO Members	3.50% to 5.35%
2) LEO Members	3.50% to 4.75%
c. Cost-of-Living Adjustment	
1) Plan 1 Members	2.50%
2) Plan 2 Members	2.25%

\*Includes inflation of 2.5%

# 17 Health Insurance Credit Program

## Plan Description

Town of Lawrenceville, Virginia participates in the VRS (Virginia Retirement System) Health Insurance Credit Program.

## Summary of Main Benefit Provisions as Interpreted for Valuation Purposes

Political subdivisions participating in the Virginia Retirement System (VRS) may elect to provide a credit toward the cost of health insurance coverage for any former state employee who retired under VRS with at least 15 years of total creditable service. The amount of each monthly health insurance credit shall be \$1.50 per year of creditable service, which amount shall be paid monthly to any retired employee participating in the Health Insurance Credit Program. However, such credit shall not exceed the health insurance premium for retiree.

Disabled retirees are eligible to receive a maximum monthly credit of \$45.

If an eligible employee has worked for more than one employer in VRS, for the purpose of this valuation, their most current (or last) employer assumes full liability for that employee.

## REQUIRED SUPPLEMENTARY INFORMATION Health Insurance Credit Program Schedule of Funding Progress for Town

	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2011	\$ 11,836	\$ 37,417	\$ 25,581	31.63%	\$ 725,423	3.53%
June 30, 2012	13,158	39,383	26,225	33.41%	745,183	3.52%
<b>June 30, 2013</b>	<b>21,090</b>	<b>40,990</b>	<b>19,900</b>	<b>51.45%</b>	<b>850,174</b>	<b>2.34%</b>

## Summary of Actuarial Assumptions and Methods as Interpreted for Valuation Purposes

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions	
Investment rate of return <sup>1</sup>	7.00%
Projected salary increases <sup>1</sup>	
NonLaw Enforcement Officer Employees	3%
Law Enforcement Officer Employees	3%
Cost-of-living adjustments	2.50%

<sup>1</sup>Includes inflation of 2.50%

## 18 Fund Balances – Governmental Funds

As of June 30, 2014, fund balances are composed of the following:

	<u>Primary Government Cemetery Fund</u>	<u>Component Unit EDA Proprietary Fund</u>	<u>Total Governmental Funds</u>
Restricted	\$ 69,613	\$ -	\$ 69,613
Unrestricted	<u>-</u>	<u>38,855</u>	<u>38,855</u>
Total Fund Balances	<u>\$ 69,613</u>	<u>\$ 38,855</u>	<u>\$ 108,468</u>

## 19 Implementation of GASB Statement No. 65

The Town implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year ended June 30, 2014. These statements required changes in account captions in the Statements of Net Position.



# **REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Lawrenceville, Virginia**

Budgetary Comparison Schedule

Year Ended June 30, 2014

**General Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
<b>General Property Taxes</b>				
Real and personal property taxes	\$ 230,000	\$ 230,000	\$ 216,809	\$ (13,191)
Penalties and interest on taxes	<u>5,000</u>	<u>5,000</u>	<u>13,123</u>	<u>8,123</u>
Total General Property Taxes	235,000	235,000	229,932	(5,068)
<b>Other Local Taxes</b>				
Local sales and use taxes	35,000	35,000	106,373	71,373
Utility and consumption taxes	130,000	130,000	114,089	(15,911)
Business license taxes	60,000	60,000	60,113	113
Meals taxes	180,000	180,000	173,546	(6,454)
Motor vehicle licenses	16,000	16,000	14,086	(1,914)
Bank franchise tax	<u>70,000</u>	<u>70,000</u>	<u>75,008</u>	<u>5,008</u>
Total Other Local Taxes	491,000	491,000	543,215	52,215
<b>Fines and Forfeitures</b>	95,000	95,000	93,579	(1,421)
<b>Revenue from Use of Money and Property</b>				
Revenue from use of money	100	100	59	(41)
Revenue from use of property				
Sale of property	<u>2,400</u>	<u>2,400</u>	<u>3,600</u>	<u>1,200</u>
Total Revenue from Use of Money and Property	2,500	2,500	3,659	1,159
<b>Charges for Services</b>				
Garbage fees	95,000	95,000	57,550	(37,450)
Dumpster fees	-	-	17,916	17,916
Miscellaneous charges	<u>7,500</u>	<u>7,500</u>	<u>1,327</u>	<u>(6,173)</u>
Total Charges for Services	102,500	102,500	76,793	(25,707)
<b>Miscellaneous</b>				
Asset forfeiture	-	-	625	625
Fire Department	-	-	72,100	72,100
T-21 Grant	457,000	457,000	159,932	(297,068)
Local Law	-	-	22,351	22,351
Chamber reimbursement	20,000	20,000	11,900	(8,100)
County fire appropriation	16,000	16,000	35,000	19,000
Miscellaneous	<u>6,000</u>	<u>6,000</u>	<u>8,377</u>	<u>2,377</u>
Total Miscellaneous	499,000	499,000	310,285	(188,715)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Intergovernmental</b>				
<i>Revenue from the Commonwealth</i>				
<i>Noncategorical Aid</i>				
Rolling stock taxes - motor vehicle carriers tax	-	-	52	52
Total Noncategorical Aid	-	-	52	52
<i>Categorical Aid</i>				
Law Enforcement Grant	29,383	29,383	29,384	1
Asset forfeiture	-	-	438	438
LLEBG	-	-	3,193	3,193
Art grant	500	500	-	(500)
Litter control	1,000	1,000	1,060	60
Fire program	8,000	8,000	10,000	2,000
Total Categorical Aid	38,883	38,883	44,075	5,192
Total Revenue from the Commonwealth	38,883	38,883	44,127	5,244
<i>Revenue from the Federal Government</i>				
V-STOP Grant	42,083	42,083	21,042	(21,041)
Downtown Grant	543,700	543,700	-	(543,700)
Innovation Grant	50,000	50,000	-	(50,000)
LLEBG	-	-	42,115	42,115
CDBG	200,000	200,000	48,785	(151,215)
DMV DUI fees	12,000	12,000	12,668	668
Total Revenue from the Federal Government	847,783	847,783	124,610	(723,173)
Total Intergovernmental Revenue	886,666	886,666	168,737	(717,929)
Total General Fund Revenue	2,311,666	2,311,666	1,426,200	(885,466)
<b>Expenditures</b>				
<b>Current</b>				
<i>General Government Administration</i>				
Town Council	5,100	5,100	5,100	-
Salaries	104,438	104,438	95,171	9,267
Postage and telephone	5,200	5,200	5,059	141
Treasurer's bond	500	500	520	(20)
Printing and office supplies	8,000	8,000	11,776	(3,776)
Town's share FICA taxes	7,990	7,990	7,268	722
Utilities	7,000	7,000	6,967	33
Capital	3,000	3,000	-	3,000
Gas, oil, and car repairs	500	500	50	450
Professional fees	18,500	18,500	16,159	2,341
Dues and travel	6,600	6,600	10,404	(3,804)
Computer maintenance	13,000	13,000	10,386	2,614
Litter Grant	1,000	1,000	986	14
Art Grant	500	500	1,000	(500)
Insurance and bonds	13,315	13,315	12,821	494
Employee benefits	13,305	13,305	9,617	3,688
Hospitalization	13,932	13,932	23,780	(9,848)
Miscellaneous	33,250	33,250	8,418	24,832
Building maintenance	25,000	25,000	12,632	12,368
Total General Government Administration	280,130	280,130	238,114	42,016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Public Safety</b>				
<i>Police Department</i>				
Salaries	322,674	322,674	317,791	4,883
FICA	24,685	24,685	24,818	(133)
Travel and dues	6,000	6,000	490	5,510
Professional	1,000	1,000	1,894	(894)
DUI Grant expense	-	-	11,338	(11,338)
Insurance	14,413	14,413	10,869	3,544
Supplies	6,500	6,500	9,723	(3,223)
Vehicle	40,000	40,000	33,675	6,325
Computer maintenance	5,000	5,000	6,044	(1,044)
Utilities	7,000	7,000	6,899	101
Capital outlay	23,000	23,000	28,576	(5,576)
Local law enforcement	-	-	2,935	(2,935)
Postage and telephone	9,000	9,000	9,706	(706)
Asset forfeiture	12,000	12,000	4,047	7,953
Miscellaneous	12,000	12,000	12,455	(455)
Employee benefits	71,835	71,835	65,767	6,068
Total Police Department	555,107	555,107	547,027	8,080
<i>Fire Department</i>				
General	12,500	12,500	90,254	(77,754)
Supplies	3,650	3,650	750	2,900
Vehicle	8,000	8,000	44,112	(36,112)
Insurance	20,200	20,200	16,201	3,999
Miscellaneous	1,550	1,550	3,485	(1,935)
Capital outlay	20,000	20,000	12,592	7,408
Utilities and telephone	9,100	9,100	8,596	504
Repairs and maintenance	19,500	19,500	23,717	(4,217)
Department of fire programs	8,000	8,000	-	8,000
Total Fire Department	102,500	102,500	199,707	(97,207)
Total Public Safety	657,607	657,607	746,734	(89,127)
<b>Public Works</b>				
<i>Streets</i>				
Salaries	198,270	198,270	169,316	28,954
Supplies	20,000	20,000	21,105	(1,105)
Insurance	14,906	14,906	16,283	(1,377)
Vehicle	70,000	70,000	59,207	10,793
Garbage disposal	5,000	5,000	3,684	1,316
Miscellaneous	19,700	19,700	3,869	15,831
Employee benefits	52,327	52,327	53,586	(1,259)
Capital outlay	50,000	50,000	8,104	41,896
FICA	15,168	15,168	12,048	3,120
Utilities and postage	36,500	36,500	35,277	1,223
Sidewalks and gateways	6,500	6,500	1,713	4,787
Building code enforcement	2,500	2,500	-	2,500

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Parking lot maintenance	10,000	10,000	17,726	(7,726)
Total Streets	500,871	500,871	401,918	98,953
Total Public Works	500,871	500,871	401,918	98,953
<b>Community Development</b>				
Parks maintenance	3,000	3,000	1,467	1,533
RCDI	-	-	6,807	(6,807)
Downtown Grant	743,700	743,700	-	743,700
Innovation Grant	50,000	50,000	-	50,000
LEDA	5,000	5,000	5,000	-
Airport	18,500	18,500	10,169	8,331
BABB	3,500	3,500	3,500	-
Revitalization	15,000	15,000	23,632	(8,632)
T-21 expense	457,000	457,000	28,333	428,667
CDBG	-	-	48,785	(48,785)
Total Community Development	1,295,700	1,295,700	127,693	1,168,007
<b>Debt Service</b>				
Principal payments related to debt	-	-	341,879	(341,879)
Interest expense related to debt	45,544	45,544	19,594	25,950
Total Debt Service	45,544	45,544	361,473	(315,929)
Total General Fund Expenditures	2,779,852	2,779,852	1,875,932	903,920
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (468,186)</u>	<u>\$ (468,186)</u>	(449,732)	<u>\$ 18,454</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in			190,111	
Total Other Financing Sources (Uses)			190,111	
Net Change in Fund Balance			(259,621)	
Fund Balance (Deficit) - Beginning of Year			(1,463,030)	
Fund Balance (Deficit) - End of Year			<u>\$ (1,722,651)</u>	

## **OTHER SUPPLEMENTARY INFORMATION**

**Town of Lawrenceville, Virginia**

General Governmental Revenues by Source

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>Charges for Services</u>	<u>Recovered Costs</u>	<u>Miscellaneous</u>	<u>Inter-Governmental</u>	<u>Total</u>
2005	\$ 183,020	\$ 244,155	\$ 23,240	\$ 8,532	\$ 93,781	\$ 16,496	\$ 26,648	\$ 120,207	\$ 716,079
2006	210,082	251,797	16,170	10,156	100,284	15,333	61,908	70,945	736,675
2007	210,950	237,980	17,820	36,518	92,973	32,719	173,619	56,825	859,404
2008	235,873	424,474	44,583	7,036	115,796	2,105	153,726	111,402	1,094,995
2009	238,255	443,490	42,283	2,785	100,975	-	240,927	79,693	1,148,408
2010	227,811	450,773	58,708	4,874	102,878	-	168,248	54,802	1,068,094
2011	256,687	470,928	85,834	1,853	110,387	-	228,685	106,709	1,261,083
2012	221,624	476,449	97,367	3,514	94,352	-	128,621	286,389	1,308,316
2013	230,539	453,127	103,472	1,620	86,953	-	156,807	257,267	1,289,785
<b>2014</b>	<b>229,932</b>	<b>543,215</b>	<b>93,579</b>	<b>3,659</b>	<b>76,793</b>	<b>-</b>	<b>310,285</b>	<b>168,737</b>	<b>1,426,200</b>

**Town of Lawrenceville, Virginia**

General Governmental Expenditures by Function

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>General Government Administration</b>	<b>Public Safety</b>	<b>Public Works</b>	<b>Community Development</b>	<b>Debt Service</b>	<b>Total</b>
2005	\$ 183,902	\$ 396,764	\$ 281,336	\$ 84,470	\$ 41,270	\$ 987,742
2006	647,312	387,028	337,449	71,706	145,832	1,589,327
2007	175,206	400,359	343,780	324,222	176,261	1,419,828
2008	153,172	579,889	472,721	153,835	212,928	1,572,545
2009	197,694	645,076	390,319	109,488	145,941	1,488,518
2010	191,513	557,686	313,872	56,735	129,053	1,248,859
2011	288,638	677,898	347,904	32,094	173,234	1,519,768
2012	227,510	643,334	389,365	98,481	240,737	1,599,427
2013	442,270	724,251	380,155	228,532	152,552	1,927,760
<b>2014</b>	<b>238,114</b>	<b>746,734</b>	<b>401,918</b>	<b>127,693</b>	<b>361,473</b>	<b>1,875,932</b>



**Town of Lawrenceville, Virginia**

## Statement of Net Position

## Discretely Presented Component Unit - EDA

Economic Development Authority of the Town of Lawrenceville, Virginia

June 30, 2014

**Assets****Current Assets**

Cash	\$ 66,102
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Total Current Assets	66,102
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**Capital Assets**

Land	3,400
Buildings	30,000
Work-in-process	27,247
Less: Accumulated depreciation	<u>(320)</u>

Net Capital Assets	<u>60,327</u>
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Total Assets	<u><u>\$ 126,429</u></u>
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**Liabilities and Net Position****Liabilities**

Accounts payable	\$ <u>27,247</u>
------------------	------------------

Total Liabilities	27,247
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**Net Position**

Net investment in capital assets	60,327
Unrestricted	<u>38,855</u>

Total Net Position	<u>99,182</u>
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Total Liabilities and Net Position	<u><u>\$ 126,429</u></u>
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**Town of Lawrenceville, Virginia**

Statement of Revenues, Expenses, and Changes in Net Position

Discretely Presented Component Unit - EDA

Economic Development Authority of the Town of Lawrenceville, Virginia

Year Ended June 30, 2014

**Operating Revenues**

Rental income	\$ 27,275
Contribution from Town	<u>5,000</u>

Total Operating Revenues	32,275
--------------------------	--------

**Operating Expenses**

Advertising	83
Depreciation	588
Miscellaneous	327
Professional fees	<u>1,950</u>

Total Operating Expenses	<u>2,948</u>
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Net Operating Income	29,327
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**Nonoperating Expenses**

Loss on sale of property	<u>19,371</u>
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Total Nonoperating Expenses	<u>19,371</u>
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Change in Net Position before Non-Cash Capital Contributions	9,956
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Net Position - Beginning of Year	55,826
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Non-Cash Capital Contributions	<u>33,400</u>
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Net Position - End of Year	<u><u>\$ 99,182</u></u>
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# **Town of Lawrenceville, Virginia**

## Statement of Cash Flows

### Discretely Presented Component Unit - EDA

Economic Development Authority of the Town of Lawrenceville, Virginia

Year Ended June 30, 2014

#### **Cash Flows from Operating Activities**

Rents	\$ 27,775
Contribution from Town	5,000
Payments to suppliers	<u>23,887</u>
Net Cash Provided by Operating Activities	56,662

#### **Cash Flows from Financing Capital and Related Activities**

Purchase of capital assets	(27,247)
Proceeds (loss) from sale of capital assets	<u>26,694</u>
Net Cash Used in Financing Capital and Related Activities	<u>(553)</u>

Increase in Cash and Cash Equivalents 56,109

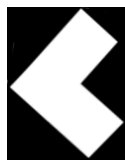
Cash and Cash Equivalents - Beginning of Year 9,993

Cash and Cash Equivalents - End of Year \$ 66,102

#### **Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities**

Operating income	\$ 29,327
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	588
(Increase) Decrease in rent receivable	500
Increase (Decrease) in accounts payable	27,247
Increase (Decrease) in security deposits	<u>(1,000)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 56,662</u></u>

## **COMPLIANCE SECTION**



**Creedle  
Jones  
& Alga**

*A Professional Corporation*

*Robin B. Jones, CPA, CFP  
David V. Alga, CPA, CVA, CFF  
Denise C. Williams, CPA, CSEP  
Scott A. Thompson, CPA  
Nadia A. Rogers, CPA*

*James A. Allen, Jr., CPA  
Nadine L. Chase, CPA  
Kimberly N. Walker, CPA*

*Sherwood H. Creedle, Emeritus*

*Members of  
American Institute of Certified Public Accountants  
Virginia Society of Certified Public Accountants*

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

To the Town Council  
Town of Lawrenceville, Virginia

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Town of Lawrenceville, Virginia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Lawrenceville, Virginia's basic financial statements, and have issued our report thereon dated November 5, 2014.

### **Internal Control Over Financial Reporting**

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

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

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

### Compliance and Other Matters

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

### Purpose of this Report

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

*Creedle, Jones & Alga, P.C.*

Creedle, Jones & Alga, P.C.  
Certified Public Accountants

South Hill, Virginia  
November 5, 2014