



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FISCAL YEAR ENDED  
JUNE 30, 2018**

**TOWN OF COEBURN, VIRGINIA**  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2018

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**TOWN OF COEBURN, VIRGINIA**  
**TOWN OFFICIALS**

**MAYOR:**

Jeff Kiser

**VICE- MAYOR:**

Sharon Still

**OTHER COUNCIL MEMBERS:**

Deventae Mooney  
Mike Wright  
Mike Holbrook

**OTHER OFFICIALS:**

Town Manager  
Treasurer – Clerk  
Police Chief  
Legal Counsel

Jimmy Williams  
Cathy Sharpe  
Scott Brooks  
William Sturgill

**RONALD C. BOSTIC, CPA  
GREGORY D. TUCKER, CPA**

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**INDEPENDENT AUDITORS' REPORT**

The Honorable Members of the  
Town Council  
Town of Coeburn, Virginia:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Coeburn, Virginia, as of June 30, 2018 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

***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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Coeburn, Virginia as of June 30, 2018, 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 6-9 and 45-49 and Schedule of Pension Plan Changes and Contributions on pages 50-51 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 response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, on our consideration of the Town of Coeburn, 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 the Town of Coeburn, Virginia's internal control over financial reporting and compliance.

***Bostic, Tucker & Company, PC***

December 23, 2019

Lebanon, Virginia



**RONALD C. BOSTIC, CPA**  
**GREGORY D. TUCKER, CPA**

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

The Honorable Members of the  
Town Council  
Town of Coeburn, 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 aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the Town of Coeburn, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Coeburn, Virginia's basic financial statements, and have issued our report thereon dated December 23, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Coeburn, 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 of the effectiveness of the Town of Coeburn, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Coeburn, 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 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 the Town of Coeburn, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bostic, Tucker & Company, PC*

December 23, 2019  
Lebanon, Virginia

## MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Town Council  
To the Citizens of Coeburn  
Coeburn, Virginia

As management of the Town of Coeburn, we offer readers of the Town's financial statements this narrative overview and analysis of the financial statements of the Town for the Fiscal Year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

### Financial Highlights:

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$4,266,328 (net position). Of this amount, \$(281,568\* (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town's funds reported combined ending cash balances of \$195,561, an increase of \$51,756 in comparison with the prior year. Approximately 33% of this total amount, or \$66,235 is available for spending at the Town's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$632,205 or 41% of total general fund expenditures.

### 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 four components:

- Government-wide financial statements.
- General Fund financial statements.
- Proprietary Fund financial statements, and
- Notes to the financial statements.

### Government-wide financial statements

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

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

The income statement, or statement of activities, presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and long-term debt.)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover



all or a significant portion of their costs through user fees and charges (business-type activities.) The governmental activities of the Town include administrative, public safety, sanitation, public works, parks and recreation, and cultural events. The Government-wide financial statements include not only the Town of Coeburn general fund, but also a separate utility fund (for which the Town of Coeburn is financially accountable.)

#### General Fund statements

The General Fund is the primary fund used to account for the Town's current operations by recording inflows and outflows of current financial resources and is prepared on the modified accrual basis of accounting. The difference between the assets, liabilities, deferred inflows, and deferred outflows is the fund balance. GASB-34 requires a "Balance Sheet" and a "Statement of Revenues, Expenditures, and Changes in Fund Balances" be presented.

#### Proprietary Fund statements

This separate fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Coeburn, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The Town adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance or non-compliance with this budget.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and proprietary fund financial statements.

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town this fiscal year, assets and deferred outflows exceed liabilities and deferred inflows by \$4,266,328. The largest portion of the Town's net position (103%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

|                                  | <u>FY 2018</u>     | <u>FY 2017</u>     |
|----------------------------------|--------------------|--------------------|
| Current and other assets         | \$ 638,623         | \$ 802,286         |
| Capital assets                   | <u>6,143,808</u>   | <u>6,423,545</u>   |
| Total assets                     | <u>6,782,431</u>   | <u>7,225,831</u>   |
| Deferred Outflows                | <u>65,845</u>      | <u>150,125</u>     |
| Current liabilities              | 403,505            | 355,590            |
| Long-term liabilities            | <u>1,961,887</u>   | <u>1,718,148</u>   |
| Total liabilities                | <u>2,365,392</u>   | <u>2,073,738</u>   |
| Deferred Inflows                 | <u>216,556</u>     | <u>90,017</u>      |
| Net investment in capital assets | 4,418,570          | 4,694,025          |
| Restricted                       | 129,326            | 110,829            |
| Unrestricted                     | <u>(281,568)</u>   | <u>407,347</u>     |
| Total net position               | <u>\$4,266,328</u> | <u>\$5,212,201</u> |

At the end of the current fiscal year, the Town reports positive amounts in net position. Governmental activities decreased the net position by \$391,917 while proprietary activities decreased net position by \$484,956.

Town of Coeburn's Change in Net Position

|                                     | <u>Primary Government.</u> |                   |
|-------------------------------------|----------------------------|-------------------|
|                                     | <u>2018</u>                | <u>2017</u>       |
| Revenues:                           |                            |                   |
| Program revenues:                   |                            |                   |
| Charges for services                | \$ 1,337,894               | \$1,691,412       |
| Operating grants and contributions  | 61,134                     | 48,788            |
| Capital grants and contributions    | 381,659                    | 107,398           |
| General revenues:                   |                            |                   |
| Property taxes                      | 232,798                    | 226,834           |
| Other local taxes                   | 669,787                    | 695,309           |
| Miscellaneous                       | <u>47,950</u>              | <u>38,753</u>     |
| Total revenues                      | <u>2,731,222</u>           | <u>2,808,494</u>  |
| Expenses:                           |                            |                   |
| General government                  | 189,106                    | 221,498           |
| Public safety                       | 617,107                    | 564,286           |
| Public works                        | 435,360                    | 357,221           |
| Parks, Recreation & Cultural        | 44,185                     | 43,507            |
| Community Development               | 10,000                     | 10,100            |
| Other                               | 581,299                    | 15,417            |
| Water and Sewer                     | <u>1,731,038</u>           | <u>1,352,217</u>  |
| Total expenses                      | <u>3,608,095</u>           | <u>2,564,246</u>  |
| Increase (Decrease) in net position | <u>\$ (876,873)</u>        | <u>\$ 244,248</u> |

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$632,205, while the total fund balance was \$675,263. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 44% of general fund expenditures. The general fund balance decreased \$42,785 during the current year.

The enterprise fund has a total net position of \$1,977,734, of which (\$673,810) is unrestricted. The enterprise fund balance decreased by \$484,956 during the current year.

General Fund Budgetary Highlights

During the 2018 fiscal year, the Town did not show amendments to its original budget. Additional funds were appropriated during the year that exceeded the original budget for some line items, however expenditures did not exceed to original budget overall.

The actual expenditures were above budget by \$390,954. Code of Virginia section 15.2 paragraphs 2503-2507 sets forth the requirements to ensure an approved appropriation.

### Capital Assets and Debt Administration

Capital assets – The Town's investment in capital assets for its governmental funds as of June 30, 2018 amounts to \$6,143,808 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the Town's investment in capital assets for all activities less disposals for the current fiscal year was \$279,737.

|                                    | <u>Primary Government</u> |                    |
|------------------------------------|---------------------------|--------------------|
|                                    | <u>2018</u>               | <u>2017</u>        |
| Land                               | \$ 964,915                | \$ 964,915         |
| Construction in Progress           | 96,858                    | 1,748,529          |
| Buildings and Improvements         | 9,259,121                 | 7,503,963          |
| Machinery and Equipment            | <u>2,209,039</u>          | <u>2,277,683</u>   |
| <br>Total capital assets           | <u>12,529,933</u>         | <u>12,495,090</u>  |
| <br>Less: accumulated depreciation | <u>6,386,125</u>          | <u>6,071,545</u>   |
| <br>Net capital assets             | <u>\$ 6,143,808</u>       | <u>\$6,423,545</u> |

Additional information on the Town's capital assets can be found in Note 7.

Long-term debt – At the end of the current fiscal year, the Town had structured installment purchases and capital leases for vehicles and equipment. Additional information on the Town of Coeburn's long-term debt can be found in Note 11 of this report.

### Economic Factors and Next Year's Budgets and Rates

- The June 2018 unemployment rate for the local area was 5.9% percent, which is a decrease from a rate of 7.3% percent a year ago. This is higher than the state's average unemployment rate of 3.3% percent by 2.6 percent and higher than the national average rate of 4.0% by 1.9 percent.
- Inflationary trends in the region compare equally to the national indices.
- These factors were considered in preparing Coeburn's FY 2018 budget.

### Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town Manager, Town of Coeburn, 403 2<sup>nd</sup> Street NE, P. O. Box 370, Coeburn, VA 24230.

**TOWN OF COEBURN, VIRGINIA**  
**GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
June 30, 2018

|                                   | <b>Primary Government</b>          |                                     |                     |
|-----------------------------------|------------------------------------|-------------------------------------|---------------------|
|                                   | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>        |
| <b><u>ASSETS</u></b>              |                                    |                                     |                     |
| Cash and Cash Equivalents         | \$ 33,789                          | \$ 32,446                           | \$ 66,235           |
| Receivables, net                  |                                    |                                     |                     |
| Due from Other Governmental Units | 41,495                             | -                                   | 41,495              |
| Taxes                             | 22,585                             | -                                   | 22,585              |
| Accounts                          | 35,057                             | 119,219                             | 154,276             |
| Accrued Interest                  | 41,946                             | 34,176                              | 76,122              |
| Other                             | 45,486                             | 78,579                              | 124,065             |
| Interfund balances                | 487,512                            | (487,512)                           | -                   |
| Prepaid Insurance                 | 12,488                             | 12,031                              | 24,519              |
| Restricted cash                   | 10,201                             | 119,125                             | 129,326             |
| Capital assets, depreciable, net  | 927,236                            | 4,154,799                           | 5,082,035           |
| Capital assets, non-depreciable   | 958,915                            | 102,858                             | 1,061,773           |
| <b>TOTAL ASSETS</b>               | <b>2,616,710</b>                   | <b>4,165,721</b>                    | <b>6,782,431</b>    |
| <b><u>DEFERRED OUTFLOWS</u></b>   |                                    |                                     |                     |
| Pension Plan                      | 32,454                             | 29,833                              | 62,287              |
| GLI OPEB                          | 1,787                              | 1,771                               | 3,558               |
| <b>TOTAL DEFERRED OUTFLOWS</b>    | <b>34,241</b>                      | <b>31,604</b>                       | <b>65,845</b>       |
| <b><u>LIABILITIES</u></b>         |                                    |                                     |                     |
| Accounts payable                  | 26,170                             | 40,015                              | 66,185              |
| Accrued liabilities and wages     | 7,113                              | 7,774                               | 14,887              |
| Customer deposits                 | -                                  | 120,125                             | 120,125             |
| Interest payable                  | -                                  | 6,039                               | 6,039               |
| Long-term Liabilities:            |                                    |                                     |                     |
| Due within one year               | -                                  | 178,366                             | 178,366             |
| Due within more than one year     | -                                  | 1,546,872                           | 1,546,872           |
| Net Pension Liability             | 159,959                            | 147,654                             | 307,613             |
| GLI OPEB Liability                | 29,500                             | 29,500                              | 59,000              |
| Compensated Absences:             |                                    |                                     |                     |
| Due within one year               | 7,346                              | 10,557                              | 17,903              |
| Due within more than one year     | 19,860                             | 28,542                              | 48,402              |
| <b>TOTAL LIABILITIES</b>          | <b>249,948</b>                     | <b>2,115,444</b>                    | <b>2,365,392</b>    |
| <b><u>DEFERRED INFLOWS</u></b>    |                                    |                                     |                     |
| Pension Plan                      | 107,409                            | 99,147                              | 206,556             |
| GLI OPEB                          | 5,000                              | 5,000                               | 10,000              |
| <b>TOTAL DEFERRED INFLOWS</b>     | <b>112,409</b>                     | <b>104,147</b>                      | <b>216,556</b>      |
| <b><u>NET POSITION</u></b>        |                                    |                                     |                     |
| Net investment in capital assets  | 1,886,151                          | 2,532,419                           | 4,418,570           |
| Restricted                        | 10,201                             | 119,125                             | 129,326             |
| Unrestricted                      | 392,242                            | (673,810)                           | (281,568)           |
| <b>TOTAL NET POSITION</b>         | <b>\$ 2,288,594</b>                | <b>\$ 1,977,734</b>                 | <b>\$ 4,266,328</b> |

The accompanying notes are an integral part of the financial statements

**TOWN OF COEBURN, VIRGINIA**  
**GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
June 30, 2018

| FUNCTIONS/PROGRAMS:                    | Program Revenues    |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |                          |                       |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|
|  | Expenses            | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                              |                          |                       |
|  |                     |                      |                                    |                                  | Governmental Activities                         | Business-Type Activities | Total                 |
| <b>Governmental Activities:</b>        |                     |                      |                                    |                                  |   |                          |                       |
| General government                     | \$ 189,106          | \$ -                 | \$ -                               | \$ -                             | \$ (189,106)                                    | \$ -                     | \$ (189,106)          |
| Public safety                          | 617,107             | -                    | 61,134                             | 7,250                            | (548,723)                                       | -                        | (548,723)             |
| Public works                           | 435,360             | 109,861              | -                                  | -                                | (325,499)                                       | -                        | (325,499)             |
| Parks, recreation and cultural         | 44,185              | -                    | -                                  | -                                | (44,185)  | -                        | (44,185)              |
| Community Development                  | 10,000              | -                    | -                                  | 338,709                          | 328,709   | -                        | 328,709               |
| Miscellaneous                          | 580,826             | 17,651               | -                                  | -                                | (563,175)                                       | -                        | (563,175)             |
| Interest                               | 473                 | -                    | -                                  | -                                | (473)   | -                        | (473)                 |
| Total Governmental Activities          | <u>1,877,057</u>    | <u>127,512</u>       | <u>61,134</u>                      | <u>345,959</u>                   | <u>(1,342,452)</u>                              | <u>-</u>                 | <u>(1,342,452)</u>    |
| <b>Business-Type Activities:</b>       |                     |                      |                                    |                                  |   |                          |                       |
| Water                                  | 1,061,455           | 687,967              | -                                  | -                                | -   | (373,488)                | (373,488)             |
| Sewer                                  | 669,583             | 522,415              | -                                  | 35,700                           | -   | (111,468)                | (111,468)             |
| Total Business-Type Activities         | <u>1,731,038</u>    | <u>1,210,382</u>     | <u>-</u>                           | <u>35,700</u>                    | <u>-</u>  | <u>(484,956)</u>         | <u>(484,956)</u>      |
| <b>TOTAL PRIMARY GOVERNMENT</b>        | <u>\$ 3,608,095</u> | <u>\$ 1,337,894</u>  | <u>\$ 61,134</u>                   | <u>\$ 381,659</u>                | <u>(1,342,452)</u>                              | <u>(484,956)</u>         | <u>\$ (1,827,408)</u> |
| <b>General Revenues:</b>               |                     |                      |                                    |                                  |   |                          |                       |
| Property taxes                         |                     |                      |                                    |                                  | 232,798   | -                        | 232,798               |
| Other local taxes                      |                     |                      |                                    |                                  | 669,787   | -                        | 669,787               |
| Unrestricted intergovernmental revenue |                     |                      |                                    |                                  | -   | -                        | -                     |
| Restricted intergovernmental revenue   |                     |                      |                                    |                                  | -   | -                        | -                     |
| Unrestricted investment earnings       |                     |                      |                                    |                                  | 5   | -                        | 5                     |
| Rental of Town property                |                     |                      |                                    |                                  | 3,875   | -                        | 3,875                 |
| Loss from disposal of property         |                     |                      |                                    |                                  | -   | -                        | -                     |
| Other                                  |                     |                      |                                    |                                  | 44,070  | -                        | 44,070                |
| Total general revenues and transfers   |                     |                      |                                    |                                  | <u>950,535</u>                                  | <u>-</u>                 | <u>950,535</u>        |
| Net change in assets                   |                     |                      |                                    |                                  | (391,917)                                       | (484,956)                | (876,873)             |
| NET POSITION - JULY 01, as restated    |                     |                      |                                    |                                  | 2,680,511                                       | 2,462,690                | 5,143,201             |
| NET POSITION - JUNE 30                 |                     |                      |                                    |                                  | <u>\$ 2,288,594</u>                             | <u>\$ 1,977,734</u>      | <u>\$ 4,266,328</u>   |

The accompanying notes are an integral part of the financial statements

**TOWN OF COEBURN, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
Year Ended June 30, 2018

|  | <u>General<br/>Fund</u>  | <u>Total</u>             |
|--|--------------------------|--------------------------|
| <b><u>ASSETS</u></b>   |                          |                          |
| Cash and cash equivalents  | \$ 33,789                | \$ 33,789                |
| Receivables, net:  |                          |                          |
| Due from Other Governmental Units                                | 41,495                   | 41,495                   |
| Taxes  | 22,585                   | 22,585                   |
| Accounts   | 35,057                   | 35,057                   |
| Accrued Interest   | 41,946                   | 41,946                   |
| Other  | 45,486                   | 45,486                   |
| Due from Utility Fund  | 487,512                  | 487,512                  |
| Prepaid Insurance  | 12,488                   | 12,488                   |
| Restricted cash  | 10,201                   | 10,201                   |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 730,559</u></b> | <b><u>\$ 730,559</u></b> |
| <b><u>LIABILITIES</u></b>  |                          |                          |
| Accounts payable   | \$ 26,170                | \$ 26,170                |
| Accrued payroll and related liabilities                          | 7,113                    | 7,113                    |
| <b>TOTAL LIABILITIES</b>   | <b><u>33,283</u></b>     | <b><u>33,283</u></b>     |
| <b><u>DEFERRED INFLOWS</u></b>                                   |                          |                          |
| Property taxes receivable  | 22,013                   | 22,013                   |
| <b><u>FUND BALANCES</u></b>                                      |                          |                          |
| Nonspendable   | -                        | -                        |
| Committed Funds  | 10,201                   | 10,201                   |
| Assigned Funds   | 32,857                   | 32,857                   |
| Unassigned Funds   | 632,205                  | 632,205                  |
| <b>TOTAL FUND BALANCES</b>                                       | <b><u>675,263</u></b>    | <b><u>675,263</u></b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND<br/>FUND BALANCES</b> | <b><u>\$ 730,559</u></b> | <b><u>\$ 730,559</u></b> |

**Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:**

Total Fund Balances \$ 675,263

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$5,130,660 and the accumulated depreciation is \$3,244,509.

1,886,151

Because the focus of governmental funds is on current resources, some inflows/outflows of resources are recognized in future periods and are not included in the governmental funds.

(56,155)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consisted of the following:

Net pension liability (159,959)

Net GLI OPEB liability (29,500)

Compensated absences (27,206)

(216,665)

**Net Position of Governmental Activities**

**\$ 2,288,594**

The accompanying notes are an integral part of the financial statements.

**TOWN OF COEBURN, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUND**  
Year Ended June 30, 2018

**EXHIBIT 4**

|   | <b>General Fund</b> |                   |
|---|---------------------|-------------------|
|   | <b>2018</b>         | <b>Total</b>      |
| <b>REVENUES:</b>                                |                     |                   |
| General property taxes                          | \$ 234,128          | \$ 234,128        |
| Other local taxes                               | 669,787             | 669,787           |
| Permits, privilege fees and regulatory licenses | 370                 | 370               |
| Fines and forfeitures                           | 16,597              | 16,597            |
| Revenue from the Use of Money and Property      | 3,880               | 3,880             |
| Charges for services                            | 137,512             | 137,512           |
| Miscellaneous                                   | 25,100              | 25,100            |
| Intergovernmental                               | <u>399,096</u>      | <u>399,096</u>    |
| <b>TOTAL REVENUES</b>                           | <u>1,486,469</u>    | <u>1,486,469</u>  |
| <b>EXPENDITURES:</b>                            |                     |                   |
| <b>Current:</b>                                 |                     |                   |
| General government administration               | 149,853             | 149,853           |
| Public safety                                   | 542,737             | 542,737           |
| Public works                                    | 416,714             | 416,714           |
| Parks, recreation and cultural                  | 32,194              | 32,194            |
| Community development                           | 10,000              | 10,000            |
| Miscellaneous                                   | 338,709             | 338,709           |
| Debt Service:                                   | -                   | -                 |
| Principal Retirement                            | 38,575              | 38,575            |
| Interest  | <u>473</u>          | <u>473</u>        |
| <b>TOTAL EXPENDITURES</b>                       | <u>1,529,254</u>    | <u>1,529,254</u>  |
| <b>EXCESS (DEFICIENCY) OF</b>                   |                     |                   |
| <b>    REVENUES OVER EXPENDITURES</b>           | (42,785)            | (42,785)          |
| <b>OTHER FINANCING SOURCES (USES):</b>          |                     |                   |
| Loan proceeds                                   | -                   | -                 |
| Operating transfers                             | <u>-</u>            | <u>-</u>          |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>     | <u>-</u>            | <u>-</u>          |
| <b>NET CHANGE IN FUND BALANCE</b>               | (42,785)            | (42,785)          |
| <b>FUND BALANCE, JULY 01</b>                    | <u>718,048</u>      | <u>718,048</u>    |
| <b>FUND BALANCE, JUNE 30</b>                    | <u>\$ 675,263</u>   | <u>\$ 675,263</u> |

The accompanying notes are an integral part of the financial statements

**TOWN OF COEBURN, VIRGINIA**  
**RECONCILIATION OF THE REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2018

**EXHIBIT 5**

|  | <u>General<br/>Fund</u>    |
|--|----------------------------|
| <b>Net Change in Fund Balance- (As Presented In This Statement):</b>   | \$ (42,785)                |
| <b>Amounts Presented for Governmental Activities in<br/>the Statement of Activities are different because:</b>   |                            |
| Capital outlays are reported in governmental funds as expenditures. However,<br>in the Statement of Activities, the cost of those assets is allocated over their<br>estimated useful lives as depreciation expense. This is the amount by which<br>capital outlays exceeds depreciation in the period.                   | (150,896)                  |
| Because some revenue will not be collected for several months after the<br>Town's year end, they are not considered as "available" revenues in the<br>governmental funds. Deferred inflows increased by this amount this year.   | (1,330)                    |
| In the governmental funds, loan proceeds are recorded as revenues and loan<br>payments are recorded as expenditures. In the statement of activities however,<br>loan proceeds are recorded as a liability and the payments are a reduction of that<br>liability. This amount represents the change in liability balance. | 38,555                     |
| In the statement of activities, expenses are measured by the amounts incurred<br>during the year. In governmental funds however, expenditures for these items<br>are measured by the amount of financial resources used. This amount represents the<br>difference between the amount incurred versus the amount used.    | <u>(235,461)</u>           |
| <b>Change in Net Position of Governmental Activities as Reported on the<br/>Statement of Activities</b>  | <u><u>\$ (391,917)</u></u> |

The accompanying notes are an integral part of the financial statements.



**TOWN OF COEBURN, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
For the Year Ended June 30, 2018

**2018**  
**Enterprise Fund**

|                                    | <u>Water</u>      | <u>Sewer</u>      | <u>Total</u>        |
|------------------------------------|-------------------|-------------------|---------------------|
| <b><u>ASSETS</u></b>               |                   |                   |                     |
| Current Assets:                    |                   |                   |                     |
| Cash & cash equivalents            | \$ 32,446         | \$ -              | \$ 32,446           |
| Restricted cash & cash equivalents | 119,125           | -                 | 119,125             |
| Due from Other Governments         | -                 | -                 | -                   |
| Receivables, net                   | 64,038            | 55,181            | 119,219             |
| Penalties & interest receivable    | 17,088            | 17,088            | 34,176              |
| Other Receivables                  | -                 | 78,579            | 78,579              |
| Prepaid Insurance                  | 12,031            | -                 | 12,031              |
| Noncurrent Assets:                 |                   |                   | -                   |
| Restricted cash & cash equivalents | -                 | -                 | -                   |
| Capital assets, depreciable, net   | 2,082,157         | 2,072,642         | 4,154,799           |
| Capital assets, non-depreciable    | 102,858           | -                 | 102,858             |
| <b>TOTAL ASSETS</b>                | <u>2,429,743</u>  | <u>2,223,490</u>  | <u>\$ 4,653,233</u> |
| <b><u>DEFERRED OUTFLOWS</u></b>    |                   |                   |                     |
| Pension Plan                       | 29,833            | -                 | 29,833              |
| GLI OPEB                           | 1,771             | -                 | 1,771               |
| <b>TOTAL DEFERRED OUTFLOWS</b>     | <u>31,604</u>     | <u>-</u>          | <u>31,604</u>       |
| <b><u>LIABILITIES</u></b>          |                   |                   |                     |
| Current Liabilities:               |                   |                   |                     |
| Accounts payable                   | 40,015            | -                 | \$ 40,015           |
| Accrued wages and liabilities      | 7,774             | -                 | 7,774               |
| Interest Payable                   | 6,039             | -                 | 6,039               |
| Compensated Absences               | 10,557            | -                 | 10,557              |
| Customer deposits                  | 120,125           | -                 | 120,125             |
| Notes Payable                      | 105,015           | 73,351            | 178,366             |
| Due to other funds                 | 487,512           | -                 | 487,512             |
| Noncurrent Liabilities             |                   |                   | -                   |
| Compensated Absences               | 28,542            | -                 | 28,542              |
| Net Pension Liability              | 147,654           | -                 | 147,654             |
| Net GLI OPEB Liability             | 29,500            | -                 | 29,500              |
| Notes Payable                      | 381,508           | 1,165,364         | 1,546,872           |
| <b>TOTAL LIABILITIES</b>           | <u>1,364,241</u>  | <u>1,238,715</u>  | <u>2,602,956</u>    |
| <b><u>DEFERRED INFLOWS</u></b>     |                   |                   |                     |
| Pension Plan                       | 99,147            | -                 | 99,147              |
| GLI OPEB                           | 5,000             | -                 | 5,000               |
| <b>TOTAL DEFERRED INFLOWS</b>      | <u>104,147</u>    | <u>-</u>          | <u>104,147</u>      |
| <b><u>NET POSITION</u></b>         |                   |                   |                     |
| Net investment in capital assets   | 1,698,492         | 833,927           | 2,532,419           |
| Restricted                         | 119,125           | -                 | 119,125             |
| Unrestricted                       | (824,658)         | 150,848           | (673,810)           |
| <b>TOTAL NET POSITION</b>          | <u>\$ 992,959</u> | <u>\$ 984,775</u> | <u>\$ 1,977,734</u> |

The accompanying notes are an integral part of the financial statements

**TOWN OF COEBURN, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
Year Ended June 30, 2018

|   | <b>2018</b>            |                   |  |
|---|------------------------|-------------------|--|
|   | <b>Enterprise Fund</b> |                   |  |
|   | <u>Water</u>           | <u>Sewer</u>      | <u>Total</u><br><u>Enterprise Fund</u> |
| <b>OPERATING REVENUES:</b>                    |                        |                   |  |
| Water rents                                   | \$ 681,699             | \$ -              | \$ 681,699                             |
| Sewer rents                                   | -                      | 521,345           | 521,345                                |
| Sale of labor and materials                   | -                      | -                 | -                                      |
| Water and sewer tap fees                      | 718                    | -                 | 718                                    |
| Miscellaneous                                 | <u>5,550</u>           | <u>1,070</u>      | <u>6,620</u>                           |
| <b>Total Operating Revenues</b>               | <u>\$ 687,967</u>      | <u>\$ 522,415</u> | <u>\$ 1,210,382</u>                    |
| <b>OPERATING EXPENSES:</b>                    |                        |                   |  |
| Personnel services                            | \$ 250,372             | \$ 148,056        | \$ 398,428                             |
| Fringe benefits                               | 340,066                | 66,647            | 406,713                                |
| Contractual services                          | 16,860                 | -                 | 16,860                                 |
| Repairs and maintenance                       | 16,081                 | -                 | 16,081                                 |
| Supplies                                      | 11,229                 | -                 | 11,229                                 |
| Other charges                                 | 259,191                | 342,972           | 602,163                                |
| Projects and Equipment                        | 11,680                 | 30,287            | 41,967                                 |
| Depreciation                                  | <u>144,079</u>         | <u>81,621</u>     | <u>225,700</u>                         |
| <b>Total Operating Expenses</b>               | <u>1,049,558</u>       | <u>669,583</u>    | <u>1,719,141</u>                       |
| <b>OPERATING INCOME (LOSS)</b>                | <u>(361,591)</u>       | <u>(147,168)</u>  | <u>(508,759)</u>                       |
| <b>NON-OPERATING REVENUES (EXPENSES) :</b>    |                        |                   |  |
| Interest expense                              | (11,897)               | -                 | (11,897)                               |
| Grant revenue                                 | -                      | 35,700            | 35,700                                 |
| Operating transfers                           | -                      | -                 | -                                      |
| <b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b> | <u>(11,897)</u>        | <u>35,700</u>     | <u>23,803</u>                          |
| <b>CHANGE IN NET POSITION</b>                 | <u>(373,488)</u>       | <u>(111,468)</u>  | <u>(484,956)</u>                       |
| <b>NET POSITION, JULY 01, as restated</b>     | <u>1,366,447</u>       | <u>1,096,243</u>  | <u>2,462,690</u>                       |
| <b>NET POSITION, JUNE 30</b>                  | <u>\$ 992,959</u>      | <u>\$ 984,775</u> | <u>\$ 1,977,734</u>                    |

The accompanying notes are an integral part of the financial statements.

**TOWN OF COEBURN, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
Year Ended June 30, 2018

|   | <u>2018</u>            |                  |                   |
|---|------------------------|------------------|-------------------|
|   | <u>Enterprise Fund</u> |                  |                   |
|   | <u>Water</u>           | <u>Sewer</u>     | <u>Total</u>      |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                        |                  |                   |
| Received from customers   | \$ 910,462             | \$ 521,345       | \$ 1,431,807      |
| Payments to suppliers   | (340,433)              | (293,167)        | (633,600)         |
| Payments to employees   | (528,456)              | (214,703)        | (743,159)         |
| Other receipts  | 6,268                  | 1,070            | 7,338             |
| Net Cash Provided (Used) By Operating Activities  | <u>47,841</u>          | <u>14,545</u>    | <u>62,386</u>     |
| <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>  |                        |                  |                   |
| Increase (decrease) in due to other funds   | (14,928)               | -                | (14,928)          |
| Increase (decrease) in customer deposits  | (821)                  | -                | (821)             |
| Net Cash Provided (Used) By NonCapital Financing Activities   | <u>(15,749)</u>        | <u>-</u>         | <u>(15,749)</u>   |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                      |                        |                  |                   |
| Acquisition of capital assets   | (96,859)               | -                | (96,859)          |
| Proceeds from borrowings  | 94,713                 | 23,105           | 117,818           |
| Principal paid on debt  | (10,195)               | (73,350)         | (83,545)          |
| Contributions & grants  | -                      | 35,700           | 35,700            |
| Interest paid on debt   | (11,985)               | -                | (11,985)          |
| Net Cash Provided (Used) By Capital and Related Financing Activities                                  | <u>(24,326)</u>        | <u>(14,545)</u>  | <u>(38,871)</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                        |                  |                   |
| Interest and dividends on investments   | -                      | -                | -                 |
| Net Cash Provided (Used) By Investing Activities  | <u>-</u>               | <u>-</u>         | <u>-</u>          |
| Net Increase (Decrease) In Cash And Cash Equivalents  | 7,766                  | -                | 7,766             |
| CASH BALANCES, BEGINNING OF YEAR  | <u>143,805</u>         | <u>-</u>         | <u>143,805</u>    |
| CASH BALANCES, END OF YEAR  | <u>\$ 151,571</u>      | <u>\$ -</u>      | <u>\$ 151,571</u> |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b> |                        |                  |                   |
| Operating income (loss)   | \$ (361,591)           | \$ (147,168)     | \$ (361,591)      |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:</b>            |                        |                  |                   |
| Depreciation  | 144,079                | 81,621           | 225,700           |
| Non-Cash Changes Resulting from Utility Fund Separation   | -                      | 157,589          | 157,589           |
| <b>CHANGES IN NET ASSETS AND LIABILITIES:</b>   |                        |                  |                   |
| (Increase) decrease in accounts receivable  | 228,763                | (77,497)         | 151,266           |
| (Increase) decrease in prepaid expense  | 5,225                  | -                | 5,225             |
| Increase (decrease) in accounts payable and accrued expenses  | (32,488)               | -                | (32,488)          |
| Change in pension and OPEB plan deferrals & liabilities   | 63,853                 | -                | 63,853            |
| NET CASH USED IN OPERATING ACTIVITIES   | <u>\$ 47,841</u>       | <u>\$ 14,545</u> | <u>\$ 209,554</u> |
| <b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:</b>   |                        |                  |                   |
| Current Assets-Cash and Cash Equivalents  | \$ 32,446              | \$ -             | \$ 32,446         |
| Restricted Assets-Cash and Cash Equivalents   | <u>119,125</u>         | <u>-</u>         | <u>119,125</u>    |
| Total Cash and Cash Equivalents   | <u>\$ 151,571</u>      | <u>\$ -</u>      | <u>\$ 151,571</u> |

The accompanying notes are an integral part of the financial statements.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Coeburn, Virginia, is incorporated under and has all powers conferred upon towns under the Constitution of Virginia and all other laws of the Commonwealth. The Town is governed by a town council composed of five members, elected at large. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. Reporting Entity**

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities. The Town's financial statements include all the Town operations.

**B. Financial Reporting Model**

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34)*. This statement, known as the "Reporting Model" statement, affects the way the Town prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports. The Town has implemented the requirements of GASB 34, beginning with the year ended June 30, 2004.

GASB 34 established requirements and the new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes the following components:

*Management's Discussion and Analysis* – GAAP requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is comparable to analysis the private sector provides in their annual reports.

*Government-Wide Financial Statements* – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities (i.e., reports all of the revenue and cost of providing services each year, not just those received or paid in the current year or soon thereafter). Government-wide financial statements do not provide information by fund or account group, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the Statement of Net Position and Statement of Activities. Significantly, the Town's Statement of Net Position includes both noncurrent assets and noncurrent liabilities of the Town. Depreciation expense on the Town's capital assets, including infrastructure, is reflected in the government-wide Statement of Activities.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Financial Reporting Model (continued)**

*Statement of Net Position* – The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. The Town reports all capital assets, including infrastructure, in the government-wide Statement of Net Position and reports depreciation expense — the cost of “using up” capital assets — in the Statement of Activities. The net assets of the Town are reported in three categories — 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

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

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

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, etc.) which are not otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants and contributions. The program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity.

*Fund Statements* – In addition to the government-wide financial statements, the Town reports fund financial statements which use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the Town’s Governmental fund types (i.e., General, and Proprietary) are similar to that previously presented in the Town’s financial statements. See note 1(c) for further discussion.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In the first type, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the second type, monies are virtually unrestricted as to time of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the Town's electric, water and wastewater functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Real and personal property taxes are recorded as revenues and receivables when levied, net of allowances for uncollectible amounts. Property tax receivables not collected within 45 days after year-end are reflected as deferred revenue. Sales and utility taxes, which are collected by the Commonwealth or utility companies by year-end and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the Commonwealth of Virginia or utility company, which is generally in the month preceding receipt by the Town.

Licenses and permits, fines, charges for services and miscellaneous revenues, except interest on temporary investments, are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available. Unbilled accounts receivable are recorded in the Enterprise Funds when earned.

The governmental funds financial statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net assets (deficit) for governmental activities as shown on the government-wide Statement of Net Position is presented in a schedule accompanying the governmental funds balance sheet. The assets and liability elements which comprise the reconciliation differences stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

A summary reconciliation of the differences between net change in total fund balances as reflected on the governmental funds statement of revenues, expenditures and changes in fund balances, and the change in net position for governmental activities as shown on the government-wide Statement of Activities, is presented in a schedule accompanying the governmental funds statement of revenues, expenditures and changes in fund balances. The revenue and expense elements which comprise the reconciliation differences stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

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

The focus of the Reporting Model is on the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds, the operations of which are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and all of the individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

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

*Proprietary Fund Type* is accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Town reports the following proprietary fund type, which is considered a major fund: Water & Sewer Fund

The *Utilities Fund* accounts for the operations of the Town's water distribution system and wastewater collection system.

GASB Statement No. 20 requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB No. 20, management has elected not to apply FASB pronouncement issues after November 30, 1989.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets and Budgetary Accounting**

As set forth in the Town Charter, the Town Council adopts an annual budget for the General Fund and Enterprise Funds. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except that depreciation is not funded. All annual appropriations lapse at fiscal year-end.

**E. Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

**F. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of at least two years. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

| <u>Assets</u>                        | <u>Years</u> |
|--------------------------------------|--------------|
| Buildings/building improvements      | 40           |
| Utility transmission lines and mains | 20-40        |
| Furniture and equipment              | 10           |
| Vehicles                             | 5-7          |

**G. Cash Equivalents**

For the purposes of the combined statement of cash flows, the water fund and the sewer fund consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**H. Total Columns on Combined Statements - Overview**

The total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.



**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Defined Benefit Pension Plans**

Defined benefit pension plan contributions are actuarially determined and consist of current service costs and amortization of past service costs over a 10-year period for the Virginia Retirement System (VRS) Plans. The Town's policy is to fund pension cost as it accrues.

**J. Fund Balances**

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Statement No. 54) in February 2009 to provide new financial reporting categories for fund balances of governmental funds. In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Nonspendable includes amounts not in spendable form, such as prepaid expenses, inventories, or amounts legally or contractually required to remain intact (such as the principal of a permanent fund). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town of Coeburn's governing board. Assigned fund balance is constrained by the Town's governing board or an appointed decision-making authority's intent to be used for specific purposes.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, the Town will adhere to the default policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, the Town will adhere to the default policy to spend committed resources first.

**2. CASH AND CASH EQUIVALENTS**

**Deposits**

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 *ET. Seq.* of the *Code of Virginia*, or covered by federal depository insurance.

**Investments**

**Investment Policy:**

In accordance with the Code of Virginia and other applicable law, including regulations, the Town permits investments in U. S. Treasury Securities, U. S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, bankers acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U. S. Treasury/Agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool).

**Credit Risk:**

As required by state statute, the Town requires that commercial paper have a short-term debt rating of no less than "A-1" (or equivalent) from a nationally recognized statistical rating organization.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**2. CASH AND CASH EQUIVALENTS (continued)**

**Concentration of Credit Risk:**

Deposits and investments held by any single issuer that exceeded 5% are as follows:

|                      |      |
|----------------------|------|
| Miners Exchange Bank | 100% |
|----------------------|------|

**Custodial Credit Risk:**

As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction. As of June 30, 2018 all of the Town’s investments are held in a bank’s trust department in the Town’s name.

The above items are reflected in the financial statements as follows:

| <b>Deposits and investments:</b>  | <b><u>Primary Government</u></b> |
|-----------------------------------|----------------------------------|
| Cash on hand                      | \$ 4,095                         |
| Deposits                          | <u>191,466</u>                   |
| <b>TOTAL</b>                      | <b><u>\$ 195,561</u></b>         |
| <br>                              |                                  |
| <b>Statement of net position:</b> |                                  |
| Cash and cash equivalents         | \$ 66,235                        |
| Restricted-Customer Deposits      | 119,125                          |
| Restricted-Police Department      | <u>10,201</u>                    |
| <b>TOTAL</b>                      | <b><u>\$ 195,561</u></b>         |

**3. PROPERTY TAXES RECEIVABLE**

Property is assessed at its value and taxes attach as an enforceable lien on January 1. Tax levy information is received from Wise County, and tax bills are mailed in November. Taxes are due and payable on or before December 5 of the current year. All unpaid taxes become delinquent December 6 of the current year. The Town bills and collects its own property taxes and revenues are recognized when collected.

**4. DUE TO/FROM OTHER FUNDS**

The following is a summary of amounts due from and due to other funds at June 30, 2018:

|                                     | <b><u>Due From</u></b>   | <b><u>Due To</u></b>     |
|-------------------------------------|--------------------------|--------------------------|
| <b>General Fund:</b>                |                          |                          |
| Water                               | \$ <u>487,512</u>        | \$ <u>0</u>              |
| <b>Total General Fund</b>           | <u>487,512</u>           | <u>0</u>                 |
| <br>                                |                          |                          |
| <b>Water Fund:</b>                  |                          |                          |
| General Fund                        | <u>0</u>                 | <u>487,512</u>           |
| <b>Total Water Fund</b>             | <u>0</u>                 | <u>487,512</u>           |
| <br>                                |                          |                          |
| <b>Net Amount Due Between Funds</b> | <b><u>\$ 487,512</u></b> | <b><u>\$ 487,512</u></b> |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**5. DUE FROM OTHER GOVERNMENTAL UNITS**

|                                  |                  |
|----------------------------------|------------------|
| Commonwealth of Virginia         |                  |
| Local Sales Tax                  | \$ 24,557        |
| Communications Tax               | 6,777            |
| Mobile Home Sales Tax            | 75               |
| Department of Motor Vehicles     | <u>2,500</u>     |
| Total Commonwealth of Virginia   | <u>33,909</u>    |
| Wise County                      |                  |
| Coal Road Taxes                  | 5,653            |
| Fines & Forfeitures              | <u>1,932</u>     |
| Total Wise County                | <u>7,585</u>     |
| Total Due from Other Governments | <u>\$ 41,494</u> |

**6. CLAIMS, JUDGEMENTS AND COMPENSATED ABSENCES**

In accordance with GASB Statement 16, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences", the Town has accrued the liability arising from outstanding claims and judgments and compensated absences. The Town allows employees to accumulate limited vacation and sick pay amounts based on the number of years of service. These accumulated amounts are paid upon termination of employment per the Town's personnel policies.

As of June 30, 2018, the liability for accrued compensated absences was \$66,304. \$27,205 of this amount is applicable to governmental activities and \$39,099 to business-type activities. The amount expected to be paid from current resources is \$17,902.

**7. CAPITAL ASSETS**

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

| <b>Governmental Activities:</b>                      | <b><u>Amount</u></b> |
|--|----------------------|
| General government                                   | \$ 38,621            |
| Public safety  | 81,210               |
| Public works   | 27,551               |
| Parks, recreation and culture                        | <u>18,620</u>        |
| Total Depreciation Expense – Governmental Activities | <u>\$ 166,002</u>    |
| <b>Business-Type Activities:</b>                     |                      |
| Water  | \$ 144,079           |
| Sewer  | <u>81,621</u>        |
| Total Depreciation Expense – Business-Type Activity  | <u>\$ 225,700</u>    |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**7. CAPITAL ASSETS (continued)**

The following is a summary of changes in capital assets:

| <u>Governmental Activities</u>                      | <u>Balance</u>      | <u>Increases</u>    | <u>Decreases</u>    | <u>Balance</u>      |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Capital assets, not depreciated</b>              |                     |                     |                     |                     |
| Land  | \$ 958,915          | \$ -                | \$ -                | \$ 958,915          |
| <b>Total Capital Assets, not Depreciated</b>        | <u>958,915</u>      | <u>-</u>            | <u>-</u>            | <u>958,915</u>      |
| <b>Capital assets, depreciated</b>                  |                     |                     |                     |                     |
| Buildings and improvements                          | 2,198,314           | 6,629               | -                   | 2,204,943           |
| Vehicles and equipment                              | <u>1,958,324</u>    | <u>8,478</u>        | <u>-</u>            | <u>1,966,802</u>    |
| <b>Total Capital Assets, Depreciated</b>            | <u>4,156,638</u>    | <u>15,107</u>       | <u>-</u>            | <u>4,171,745</u>    |
| <b>Less accumulated depreciation for</b>            |                     |                     |                     |                     |
| Buildings and improvements                          | (1,338,725)         | (58,546)            | -                   | (1,397,271)         |
| Vehicles and equipment                              | <u>(1,739,781)</u>  | <u>(107,456)</u>    | <u>-</u>            | <u>(1,847,237)</u>  |
| <b>Total accumulated depreciation</b>               | <u>(3,078,506)</u>  | <u>(166,002)</u>    | <u>-</u>            | <u>(3,244,508)</u>  |
| <b>Total Capital Assets, depreciated, net</b>       | <u>1,078,132</u>    | <u>(150,895)</u>    | <u>-</u>            | <u>927,237</u>      |
| <b>Governmental activities capital assets, net</b>  | <u>\$ 2,037,047</u> | <u>\$ (150,895)</u> | <u>\$ -</u>         | <u>\$ 1,886,152</u> |
| <b><u>Business Type Activities</u></b>              |                     |                     |                     |                     |
| <b>Capital assets, not depreciated</b>              |                     |                     |                     |                     |
| Land  | \$ 6,000            | \$ -                | \$ -                | \$ 6,000            |
| Construction in Progress                            | <u>1,748,529</u>    | <u>96,858</u>       | <u>1,748,529</u>    | <u>96,858</u>       |
| <b>Total Capital Assets, not Depreciated</b>        | <u>1,754,529</u>    | <u>96,858</u>       | <u>1,748,529</u>    | <u>102,858</u>      |
| <b>Capital assets, depreciated</b>                  |                     |                     |                     |                     |
| Buildings and Improvements                          | \$ 5,305,649        | \$ 1,748,529        |                     | \$ 7,054,178        |
| Machinery and equipment                             | <u>319,359</u>      | <u>-</u>            | <u>77,122</u>       | <u>242,237</u>      |
| <b>Total Capital Assets, Depreciated</b>            | <u>5,625,008</u>    | <u>1,748,529</u>    | <u>77,122</u>       | <u>7,296,415</u>    |
| <b>Less accumulated depreciation for</b>            |                     |                     |                     |                     |
| Buildings and Improvements                          | (2,685,631)         | (222,377)           | -                   | (2,908,008)         |
| Machinery and equipment                             | <u>(307,408)</u>    | <u>(3,322)</u>      | <u>(77,122)</u>     | <u>(233,608)</u>    |
| <b>Total Accumulated Depreciation</b>               | <u>(2,993,039)</u>  | <u>(225,700)</u>    | <u>(77,122)</u>     | <u>(3,141,617)</u>  |
| <b>Total Capital Assets, Depreciated, Net</b>       | <u>2,631,969</u>    | <u>1,522,829</u>    | <u>-</u>            | <u>4,154,798</u>    |
| <b>Business-Type Activities Capital Assets, Net</b> | <u>\$ 4,386,498</u> | <u>\$ 1,619,687</u> | <u>\$ 1,748,529</u> | <u>\$ 4,257,656</u> |

**8. SURETY BONDS**

The Town of Coeburn has \$50,000 blanket bond coverage with Aetna Life and Casualty Insurance Company.

**9. LITIGATION**

It is the opinion of the Town's management and legal counsel that there are not any outstanding or pending litigation claims or assessments against the Town which could have a material effect on the Town's financial statements.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**10. 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 and so will not be recognized as an expense or expenditure until then. The Town currently has deferred outflows totaling \$65,845 as of June 30, 2018. Of this amount, \$62,287 represents deferred pension outflows and \$3,558 represents deferred outflows for other post-employment benefits.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has deferred inflows totaling \$216,556 as of June 30, 2018. Of this amount, \$206,556 represents the deferred pension inflows and \$10,000 represents deferred inflows for other post-employment benefits. The balance sheet for the general fund includes deferred inflows amounting to \$22,013 of uncollected tax billings not available for funding of current expenditures.

**11. LONG-TERM DEBT**

The following describes the long-term obligations of the Town of Coeburn for the year ended June 30, 2018:

- A. Powell Valley National Bank:** The Town of Coeburn acquired a project loan of \$300,000 through financing with Powell Valley National Bank dated June 22, 2018. The outstanding amount was to be repaid upon maturity at June 22, 2019 along with unpaid interest at 3.00%. The balance as of June 30, 2018 is **\$94,713**.
- B. Virginia Resources Authority:** The Town of Coeburn issued a general obligation and revenue bond for a Downtown Water Improvement Project through financing with Virginia Resources Authority dated December 21, 2012. The amount of \$432,150 is to be repaid over semi-annual payments of \$11,089.02, including interest of 3.00%. The balance as of June 30, 2018 is **\$391,811**.
- C. Virginia Resources Authority:** The Town of Coeburn issued a general obligation and water and sewer revenue bond for a Wastewater Treatment Plant Transition Project through financing with Virginia Resources Authority dated May 16, 2014. The amount of \$1,467,018 is to be repaid over semi-annual payments of \$36,675.45, at a 0% interest rate. The balance as of June 30, 2018 is **\$1,238,715**.

The following is a summary of changes in the government-wide long-term obligations of the Town of Coeburn for the year ended June 30, 2018:

|                                 | Balance<br>7/1/2017 | Additions | Reductions  | Balance<br>6/30/2018 | Due<br>Within<br>One Year | Due Within<br>More Than<br>One Year |
|---------------------------------|---------------------|-----------|-------------|----------------------|---------------------------|-------------------------------------|
| <b>Governmental Activities</b>  |                     |           |             |                      |                           |                                     |
| BB&T Gov't. Finance             | 38,575              | -         | (38,575)    | -                    | -                         | -                                   |
| Totals                          | 38,575              | -         | (38,575)    | -                    | -                         | -                                   |
| <b>Business-Type Activities</b> |                     |           |             |                      |                           |                                     |
| Water:                          |                     |           |             |                      |                           |                                     |
| VA Resources Authority          | 402,004             | -         | (10,193)    | 391,811              | 10,302                    | 381,508                             |
| Powell Valley National          | -                   | 94,713    | -           | 94,713               | 94,713                    | -                                   |
| Totals                          | 402,004             | 94,713    | (10,193)    | 486,524              | 105,015                   | 381,508                             |
| Sewer:                          |                     |           |             |                      |                           |                                     |
| VA Resources Authority          | 1,288,960           | 23,105    | (73,351)    | 1,238,714            | 73,351                    | 1,165,363                           |
| Totals                          | 1,288,960           | 23,105    | (73,351)    | 1,238,714            | 73,351                    | 1,165,363                           |
| Grand Totals                    | \$1,729,539         | \$117,818 | \$(122,119) | \$1,725,238          | \$178,366                 | \$1,546,871                         |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**11. LONG-TERM DEBT (continued)**

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

| Bonds and Notes Payable |                     |                   |                     |
|-------------------------|---------------------|-------------------|---------------------|
| Year Ended              |                     |                   |                     |
| June 30,                | Principal           | Interest          | Total               |
| 2019                    | \$ 178,366          | \$ 14,717         | \$ 193,083          |
| 2020                    | 83,965              | 11,564            | \$ 95,529           |
| 2021                    | 84,285              | 11,244            | \$ 95,529           |
| 2022                    | 84,616              | 10,913            | \$ 95,529           |
| 2023                    | 84,956              | 10,573            | \$ 95,529           |
| 2024-2028               | 430,261             | 47,384            | \$ 477,645          |
| 2029-2033               | 440,456             | 37,189            | \$ 477,645          |
| 2034-2038               | 223,983             | 25,358            | \$ 249,341          |
| 2039-2043               | 99,265              | 11,627            | \$ 110,892          |
| 2044-2048               | <u>15,085</u>       | <u>489</u>        | <u>\$ 15,574</u>    |
| TOTALS                  | <u>\$ 1,725,238</u> | <u>\$ 181,058</u> | <u>\$ 1,906,296</u> |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**12. PENSION PLAN**

**Pensions**

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

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

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

| <b>VRS<br/>PLAN 1</b>   | <b>VRS<br/>PLAN 2</b>   | <b>HYBRID<br/>RETIREMENT PLAN</b>  |
|---|---|--|
| <p><b>About Plan 1</b><br/> 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.</p> | <p><b>About Plan 2</b><br/> 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.</p> | <p><b>About the Hybrid Retirement Plan</b><br/> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> </ul> |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. PENSION PLAN (continued)**

|   |   |  |
|---|---|--|
|   |   | <ul style="list-style-type: none"> <li>• 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.</li> </ul>  |
| <p><b>Eligible Members</b><br/> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b><br/> 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.</p> <p>The Hybrid Retirement Plan's effective date for the eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> | <p><b>Eligible Members</b><br/> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b><br/> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> | <p><b>Eligible Members</b><br/> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Town of Coeburn, Virginia employees</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p><b>*Non-Eligible Members</b><br/> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> |



**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**12. PENSION PLAN (continued)**

|   |  |   |
|---|--|---|
| Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.   | Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP. | Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.  |
| <b>Retirement Contributions</b><br>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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. | <b>Retirement Contributions</b><br>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.                   | <b>Retirement Contributions</b><br>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. |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**12. PENSION PLAN (continued)**

|  |   |   |
|--|---|---|
| <p><b>Creditable Service</b><br/> 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 benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> | <p><b>Creditable Service</b><br/> Same as Plan 1.</p> | <p><b>Creditable Service</b><br/> <u><b>Defined Benefit Component:</b></u><br/> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u><b>Defined Contributions Component:</b></u><br/> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p> |
| <p><b>Vesting</b><br/> 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</p>  | <p><b>Vesting</b><br/> Same as Plan 1.</p>            | <p><b>Vesting</b><br/> <u><b>Defined Benefit Component:</b></u><br/> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at</p>  |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**12. PENSION PLAN (continued)**

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.

least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

**Defined Contributions**

**Component:**

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

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

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

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

Distribution is not required by law until age 70½.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. PENSION PLAN (continued)**

|  |   |   |
|--|---|---|
| <p><b>Calculating the Benefit</b><br/> 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.</p> <p>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.</p>   | <p><b>Calculating the Benefit</b><br/> See definition under Plan 1.</p>   | <p><b>Calculating the Benefit</b><br/> <u><b>Defined Benefit Component:</b></u><br/> See definition under Plan 1</p> <p><u><b>Defined Contribution Component:</b></u><br/> 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.</p>   |
| <p><b>Average Final Compensation</b><br/> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>   | <p><b>Average Final Compensation</b><br/> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>  | <p><b>Average Final Compensation</b><br/> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>   |
| <p><b>Service Retirement Multiplier</b><br/> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>Sheriffs and regional jail superintendents:</b><br/> Not Applicable</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p> | <p><b>Service Retirement Multiplier</b><br/> Same as Plan1 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.</p> <p><b>Sheriffs and regional jail superintendents:</b><br/> Not Applicable</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Same as Plan 1.</p> | <p><b>Service Retirement Multiplier</b><br/> <u><b>Defined Benefit Component:</b></u><br/> <b>VRS:</b> The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b>Sheriffs and regional jail superintendents:</b><br/> Not Applicable</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Not Applicable</p> |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. PENSION PLAN (continued)**

|   |   |   |
|---|---|---|
| <p><b>Normal Retirement Age</b><br/> <b>VRS:</b> Age 65.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Age 60.</p>   | <p><b>Normal Retirement Age</b><br/> <b>VRS:</b> Normal Social Security retirement age.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Same as Plan 1.</p>  | <p><b>Normal Retirement Age</b><br/> <u><b>Defined Benefit Component:</b></u><br/> <b>VRS:</b> Same as Plan 2.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Not applicable</p> <p><u><b>Defined Contribution Component:</b></u><br/> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>  |
| <p><b>Earliest Unreduced Retirement Eligibility</b><br/> <b>VRS:</b> Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service</p> | <p><b>Earliest Unreduced Retirement Eligibility</b><br/> <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Same as Plan 1</p> | <p><b>Earliest Unreduced Retirement Eligibility</b><br/> <u><b>Defined Benefit Component:</b></u><br/> <b>VRS:</b> Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Not Applicable</p> <p><u><b>Defined Contribution Component:</b></u><br/> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p> |
| <p><b>Earliest Reduced Retirement Eligibility</b></p> <p><b>VRS:</b> Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> 50 with at least five years of creditable service</p>   | <p><b>Earliest Reduced Retirement Eligibility</b></p> <p><b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Same as Plan 1.</p>  | <p><b>Earliest Unreduced Retirement Eligibility</b><br/> <u><b>Defined Benefit Component:</b></u><br/> <b>VRS:</b> Age 60 with at least five years (60 months) of creditable service.</p> <p><b>Political Subdivision hazardous duty employees:</b><br/> Not Applicable</p>   |



**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**12. PENSION PLAN (continued)**

|   |  |  |
|---|--|--|
| <p>Program (VSDP).</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>   |  |  |
| <p><b>Disability Coverage</b><br/> 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.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p><b>Purchase of Prior Service</b><br/> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying</p> | <p><b>Disability Coverage</b><br/> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p> <p><b>Purchase of Prior Service</b><br/> Same as Plan 1.</p> | <p><b>Disability Coverage</b><br/> Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.</p> <p>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.</p> <p><b>Purchase of Prior Service</b><br/> <u><b>Defined Benefit Component:</b></u><br/> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. PENSION PLAN (continued)**

|  |  |   |
|--|--|---|
| service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay. |  | <u><b>Defined Contribution</b></u><br><u><b>Component:</b></u><br>Not applicable. |
|--|--|---|

Employees Covered by Benefit Terms – As of June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | <u><b>Number</b></u> |
|--|----------------------|
| Inactive members or their beneficiaries currently receiving benefits | 20                   |
| Inactive Members:  |                      |
| Vested Inactive Members  | 2                    |
| Non-vested Inactive Members  | 4                    |
| Active Elsewhere in VRS  | <u>9</u>             |
| Total Inactive Members   | 15                   |
| Active Members   | <u>21</u>            |
| Total Covered Employees  | 56                   |

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

The Town's contractually required contribution rate for the year ended June 30, 2018 was 3.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with the employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$21,897 and \$25,020 for the years ended June 30, 2018 and June 30, 2017, respectively.



**TOWN OF COEBURN, VIRGINIA**  
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**12. PENSION PLAN (continued)**

Net Pension Liability – The Town's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Actuarial Assumptions – General Employees – The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates Projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

All Others (Non 10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**12. PENSION PLAN (continued)**

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                            |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increase rate from 14% to 20%   |

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

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                            |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increase rate from 14% to 15%   |

Actuarial Assumptions – Public Safety Employees – The total pension liability for Public Safety Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**12. PENSION PLAN (continued)**

Mortality rates:

Largest 10 – Non-LEOS:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80. Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49. Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year. 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related.

Pre-Retirement:

RP-2014 Employee Rates to age 80. Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49. Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year. 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Hazardous Duty

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates  | Lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience                              |
| Disability Rates  | Increased rates  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increase rate from 60% to 70%  |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. PENSION PLAN (continued)**

All Others (Non 10 Largest) – Hazardous Duty

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                            |
| Retirement Rates  | Increased age 50 rates, and lowered rates at older ages   |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better fit experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increase rate from 60% to 45%   |

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

| Asset Class (Strategy) | Target Allocation                   | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|------------------------|-------------------------------------|--|--|
| Public Equity          | 40.00%                              | 4.54%  | 1.82%  |
| Fixed Income           | 15.00%                              | 0.69%  | 0.10%  |
| Credit Strategies      | 15.00%                              | 3.96%  | 0.59%  |
| Real Assets            | 15.00%                              | 5.76%  | 0.86%  |
| Private Equity         | 15.00%                              | 9.53%  | 1.43%  |
| Total                  | <u>100.00%</u>                      |  | <u>4.80%</u>                                       |
|                        | Inflation                           |  | <u>2.50%</u>                                       |
|                        | *Expected Arithmetic Nominal Return |  | <u>7.30%</u>                                       |

\*The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**TOWN OF COEBURN, VIRGINIA**  
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June 30, 2018

**12. PENSION PLAN (continued)**

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rate equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the Town's Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

|  | Increase (Decrease)                  |  |  |
|--|--------------------------------------|--|--|
|  | Total<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) – (b) |
| Balances at June 30, 2016  | \$2,952,257                          | \$2,905,597                              | \$46,660                                 |
| Changes for the year:  |                                      |  |  |
| Service Cost   | 66,648                               |  | 66,648                                   |
| Interest   | 200,776                              |  | 200,776                                  |
| Changes in benefit terms   | 0                                    |  | 0  |
| Changes of assumptions   | 16,076                               |  | 16,076                                   |
| Differences between expected and<br>actual experience            | (232,479)                            |  | (232,479)                                |
| Contributions – Employer   |                                      | 24,954                                   | (24,954)                                 |
| Contributions – Employee   |                                      | 34,546                                   | (34,546)                                 |
| Net Investment Income  |                                      | 348,176                                  | (348,176)                                |
| Benefit payments, including refunds<br>of employee contributions | (168,049)                            | (168,049)                                | 0  |
| Administrative Expenses  |                                      | (2,075)                                  | 2,075                                    |
| Other Changes  | 0                                    | (307)                                    | 307                                      |
| Net Changes  | (117,028)                            | 237,245                                  | (354,273)                                |
| Balances at June 30, 2017  | \$2,835,229                          | \$3,142,842                              | \$(307,613)                              |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. PENSION PLAN (continued)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Town using the discount rate of 7.00% as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

|  | <u>1% Decrease<br/>(6.00%)</u> | <u>Current Rate<br/>(7.00%)</u> | <u>1% Increase<br/>(8.00%)</u> |
|--|--------------------------------|---------------------------------|--------------------------------|
| Town of Coeburn, Virginia's<br>Net Pension Liability | \$24,028                       | \$(307,613)                     | \$(585,175)                    |

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2017, the Town recognized pension expense of \$(128,067). At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|---|--|
| Differences between expected and actual<br>experience                        | \$ 29,483                                     | \$ 162,013                                   |
| Changes in assumptions   | 10,907  | 0  |
| Net differences between projected and actual<br>earnings on plan investments | 0   | 44,543                                       |
| Employer contributions subsequent to the<br>measurement date                 | <u>21,897</u>                                 | <u>0</u>                                     |
| Total  | <u>\$ 62,287</u>                              | <u>206,556</u>                               |

\$21,897 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30:</u> |             |
|----------------------------|-------------|
| 2019                       | \$ (82,374) |
| 2020                       | (47,008)    |
| 2021                       | (7,049)     |
| 2022                       | (29,735)    |
| 2023                       | 0           |
| Thereafter                 | 0           |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**12. PENSION PLAN (continued)**

*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

*Payables to the Pension Plan*

At June 30, 2018, the Town reported a payable of \$4,161 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

**13. GROUP LIFE INSURANCE OPEB PROGRAM**

*Plan Description*

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

| <b>GROUP LIFE INSURANCE PROGRAM PROVISIONS</b>  |
|---|
| <p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City Schools Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>  |
| <p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b>—The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b>—The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b>—In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul> |
| <p><b>Reduction in benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>  |
| <p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>  |



TOWN OF COEBURN, VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2018

13. **GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

*Contributions*

The contribution requirements for the Group Life Insurance Program are governed by Section 51.1-506 and Section 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity was \$3,531 and \$3,777 for the years ended June 30, 2018 and June 30, 2017, respectively.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB***

At June 30, 2018, the entities reported a liability of \$59,000 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the participating employer's proportion was 0.00357% as compared to 0.00394% at June 30, 2017.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$0. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

**TOWN OF COEBURN, VIRGINIA**  
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**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

|  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and<br>Actual experience                                       | \$ 0                              | \$ 2,000                         |
| Net difference between projected and<br>Actual earnings on GLI OPEB<br>Program investments | 0                                 | 2,000                            |
| Changes in assumptions   |                                   | 3,000                            |
| Changes in proportion  | 0                                 | 3,000                            |
| Employer contributions subsequent to the<br>Measurement date                               | <u>3,558</u>                      | <u>0</u>                         |
| Total  | <u>\$ 3,558</u>                   | <u>\$ 10,000</u>                 |

\$3,558 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

|            |            |
|------------|------------|
| FY 2019    | \$ (3,000) |
| FY 2020    | (3,000)    |
| FY 2021    | (2,000)    |
| FY 2022    | (1,000)    |
| FY 2023    | (1,000)    |
| Thereafter | 0          |

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

|  |  |
|--|--|
| Inflation                              | 2.5 percent  |
| Salary increases, including inflation— |  |
| General state employees                | 3.5 percent - 5.35 percent                                       |
| Teachers                               | 3.5 percent – 5.95 percent                                       |
| SPORS employees                        | 3.5 percent – 4.75 percent                                       |
| VaLORS employees                       | 3.5 percent – 4.75 percent                                       |
| JRS employees                          | 4.5 percent  |
| Locality – General employees           | 3.5 percent – 5.35 percent                                       |
| Locality – Hazardous Duty employees    | 3.5 percent – 4.75 percent                                       |
| Investment rate of return              | 7.0 Percent, net of investment expenses,<br>Including inflation* |

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

***Mortality rates – General State Employees***

Pre-Retirement:

RP-2014 Employee Rates to age 80. Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49. Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table -- RP-2014 projected to 2020                          |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 14% to 25%  |

***Mortality rates – Teachers***

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table—RP-2014 projected to 2020                             |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***Mortality rates-- SPORS Employees***

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience   |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increased rate from 60% to 85%  |

***Mortality rates – VaLORS Employees***

Pre-retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service   |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Decreased rate from 50% to 35%  |

***Mortality rates- JRS Employees***

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates  | Decreased rates at first retirement eligibility                       |
| Withdrawal Rates  | No change   |
| Disability Rates  | Removed disability rates  |
| Salary Scale  | No change   |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***Mortality rates—Largest Ten Locality Employers-General Employees***

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020                  |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 20%   |

***Mortality rates— Non-Largest Ten Locality Employers-General Employees***

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020                  |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 20%   |

***Mortality rates—Largest Ten Locality Employers-Hazardous Duty Employees***

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020            |
| Retirement Rates  | Lowered retirement rates at older ages   |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates  | Increased disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 60% to 70%   |



**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***Mortality rates—Non-Largest Ten Locality Employers-Hazardous Duty Employees***

Pre-Retirement:

RP-2014 Employee Rates to age 80. Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Updated to a more current mortality table – RP-2014 projected to 2020            |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages                           |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates  | Adjusted rates to better match experience  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Decreased rate from 60% to 45%   |

***Net OPEB Liability***

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

|  |   |
|--|---|
|  | <b>Group Life<br/>Insurance<br/><u>OPEB Program</u></b> |
| Total GLI OPEB Liability   | \$ 2,942,426  |
| Plan Fiduciary Net Position  | <u>1,437,586</u>  |
| Employers' Net GLI OPEB Liability (Asset)                                      | <u>\$ 1,504,840</u>                                     |
| Plan Fiduciary Net Position as a Percentage<br>Of the Total GLI OPEB Liability | 48.86%  |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

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

***Long-Term Expected Rate of Return***

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

| Asset Class (Strategy) | Target Allocation                   | Arithmetic Long-Term Expected Rate of Return | Weighted Average Long-Term Expected Rate of Return |
|------------------------|-------------------------------------|--|--|
| Public Equity          | 40.00%                              | 4.54%  | 1.82%  |
| Fixed Income           | 15.00%                              | 0.69%  | 0.10%  |
| Credit Strategies      | 15.00%                              | 3.96%  | 0.59%  |
| Real Assets            | 15.00%                              | 5.76%  | 0.86%  |
| Private Equity         | 15.00%                              | 9.53%  | 1.43%  |
| Total                  | <u>100.00%</u>                      |  | <u>4.80%</u>                                       |
|                        | Inflation                           |  | <u>2.50%</u>                                       |
|                        | *Expected Arithmetic Nominal Return |  | <u>7.30%</u>                                       |

The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)**

***Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate***

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

|  | 1% Decrease<br>(6.00%) | Current Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|--|------------------------|-------------------------|------------------------|
| Town of Coeburn's<br>Share of the Group Life Insurance<br>Program Net OPEB Liability | \$ 71,000              | \$ 54,000               | \$ 41,000              |

***Group Life Insurance Program Fiduciary Net Position***

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

***Payables to the VRS Group Life Insurance OPEB Plan***

As of June 30, 2018, the Town reported a payable of \$709 for the outstanding amount of contributions to the group life insurance OPEB plan required for the year ended June 30, 2018.

**14. OTHER INFORMATION**

**Accounting Change**

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of this Statement is to improve accounting and financial reporting for postemployment benefits other than pensions and to improve information provided by state and local governmental employers about financial support for other postemployment benefits (OPEB) that is provided by other entities. This Statement replaces the requirements of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018

**14. OTHER INFORMATION (continued)**

Prior Period Adjustment

The beginning balance of Net Position for the Town of Coeburn was adjusted due to the requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Net Position for the primary government decreased by \$69,000 as shown below:

|   |                            |
|---|----------------------------|
| Net Position as of June 30, 2017              | \$ 5,212,201               |
| Adjustment per GASB St. No. 75                | <u>(69,000)</u>            |
| Net Position as of June 30, 2017, as restated | <u><u>\$ 5,143,201</u></u> |

**TOWN OF COEBURN, VIRGINIA**  
**GOVERNMENTAL FUND REVENUES**  
**BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2018

**SCHEDULE 1**  
**Page 1**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget as<br/>Amended</u> | <u>GAAP<br/>Basis<br/>Actual</u> | <u>Variance<br/>with<br/>Final Budget</u> |
|--|----------------------------|--|----------------------------------|---|
| <b>PRIMARY GOVERNMENT</b>                                      |                            |  |                                  |   |
| <b>GENERAL FUND:</b>   |                            |  |                                  |   |
| <b>Revenue from Local Sources:</b>                             |                            |  |                                  |   |
| <b>General Property Taxes:</b>                                 |                            |  |                                  |   |
| Real property taxes  | \$ 159,186                 | \$ 159,186                             | \$ 170,698                       | \$ 11,512                                 |
| Real and personal public service<br>corporation property taxes | -                          | -                                      | 7,743                            | 7,743                                     |
| Personal property taxes  | 44,500                     | 44,500                                 | 45,855                           | 1,355                                     |
| Penalties and interest   | <u>10,000</u>              | <u>10,000</u>                          | <u>9,831</u>                     | <u>(169)</u>                              |
| Total General Property Taxes                                   | <u>213,686</u>             | <u>213,686</u>                         | <u>234,128</u>                   | <u>20,442</u>                             |
| <b>Other Local Taxes:</b>                                      |                            |  |                                  |   |
| Local sales and use taxes                                      | 103,500                    | 103,500                                | 93,665                           | (9,835)                                   |
| Tobacco taxes  | 76,000                     | 76,000                                 | 62,640                           | (13,360)                                  |
| Utility taxes  | 79,000                     | 79,000                                 | 82,580                           | 3,580                                     |
| Business licenses taxes  | 105,000                    | 105,000                                | 106,005                          | 1,005                                     |
| Franchise license taxes  | 8,000                      | 8,000                                  | -                                | (8,000)                                   |
| Motor vehicle licenses   | 14,000                     | 14,000                                 | 13,411                           | (589)                                     |
| Bank stock taxes   | 41,000                     | 41,000                                 | 45,828                           | 4,828                                     |
| Meals and lodging tax  | 262,000                    | 262,000                                | 246,135                          | (15,865)                                  |
| Coal severance tax   | <u>5,000</u>               | <u>5,000</u>                           | <u>19,522</u>                    | <u>14,522</u>                             |
| Total Other Local Taxes  | <u>693,500</u>             | <u>693,500</u>                         | <u>669,787</u>                   | <u>(23,713)</u>                           |
| <b>Permits, Privilege Fees And Regulatory<br/>Licenses</b>     |                            |  |                                  |   |
|  | <u>250</u>                 | <u>250</u>                             | <u>370</u>                       | <u>120</u>                                |
| <b>Fines and Forfeitures</b>                                   |                            |  |                                  |   |
|  | <u>30,500</u>              | <u>30,500</u>                          | <u>16,597</u>                    | <u>(13,903)</u>                           |
| <b>Revenue From Use Of Money and Property:</b>                 |                            |  |                                  |   |
| Revenue from use of money                                      | -                          | -                                      | 5                                | 5   |
| Revenue from use of property                                   | <u>5,400</u>               | <u>5,400</u>                           | <u>3,875</u>                     | <u>(1,525)</u>                            |
| Total Revenue From Use of Money and<br>Property                | <u>5,400</u>               | <u>5,400</u>                           | <u>3,880</u>                     | <u>(1,520)</u>                            |
| <b>Charges For Services:</b>                                   |                            |  |                                  |   |
| Fire services  | 10,000                     | 10,000                                 | 10,000                           | -   |
| Charges for sanitation and waste removal                       | 109,000                    | 109,000                                | 109,861                          | 861                                       |
| Other  | <u>13,500</u>              | <u>13,500</u>                          | <u>17,651</u>                    | <u>4,151</u>                              |
| Total Charges For Services                                     | <u>132,500</u>             | <u>132,500</u>                         | <u>137,512</u>                   | <u>5,012</u>                              |
| <b>Miscellaneous Revenue</b>                                   |                            |  |                                  |   |
|  | <u>1,700</u>               | <u>1,700</u>                           | <u>25,100</u>                    | <u>23,400</u>                             |
| Total Revenue From Local Sources                               | <u>1,077,536</u>           | <u>1,077,536</u>                       | <u>1,087,374</u>                 | <u>9,838</u>                              |

The accompanying notes are an integral part of the financial statements.

**TOWN OF COEBURN, VIRGINIA**  
**GOVERNMENTAL FUND REVENUES**  
**BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2018

**SCHEDULE 1**  
**Page 2**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget as<br/>Amended</u> | <u>GAAP<br/>Basis<br/>Actual</u> | <u>Variance<br/>with<br/>Final Budget</u> |
|---|----------------------------|--|----------------------------------|---|
| <b>Revenue From The Commonwealth:</b>                       |                            |  |                                  |   |
| <b>Non-Categorical Aid:</b>                                 |                            |  |                                  |   |
| ABC Profits   | \$ -                       | \$ -                                   | \$ -                             | \$ -                                      |
| Mobile home titling taxes                                   | 6,000                      | 6,000                                  | 300                              | (5,700)                                   |
| Rolling stock taxes   | <u>5,500</u>               | <u>5,500</u>                           | <u>-</u>                         | <u>(5,500)</u>                            |
| Total Non-Categorical Aid                                   | <u>11,500</u>              | <u>11,500</u>                          | <u>300</u>                       | <u>(11,200)</u>                           |
| <b>Other Categorical Aid:</b>                               |                            |  |                                  |   |
| Law enforcement grant                                       | 47,265                     | 47,265                                 | 48,788                           | 1,523                                     |
| Natural Gas Royalties                                       | 2,000                      | 2,000                                  | 1,702                            | (298)                                     |
| Other   | <u>-</u>                   | <u>-</u>                               | <u>2,346</u>                     | <u>2,346</u>                              |
| Total Other Categorical Aid                                 | <u>49,265</u>              | <u>49,265</u>                          | <u>52,836</u>                    | <u>3,571</u>                              |
| Total Revenue From The Commonwealth                         | <u>60,765</u>              | <u>60,765</u>                          | <u>53,136</u>                    | <u>(7,629)</u>                            |
| <b>Revenue From The Federal Government:</b>                 |                            |  |                                  |   |
| <b>Categorical Aid:</b>                                     |                            |  |                                  |   |
| Highway Safety Grant  | -                          | -                                      | 7,250                            | 7,250                                     |
| CDBG Housing Rehab Grant                                    | <u>-</u>                   | <u>-</u>                               | <u>338,709</u>                   | <u>338,709</u>                            |
| Total Non-Categorical Aid                                   | <u>-</u>                   | <u>-</u>                               | <u>345,959</u>                   | <u>345,959</u>                            |
| Total Revenue From The Federal Government                   | <u>-</u>                   | <u>-</u>                               | <u>345,959</u>                   | <u>345,959</u>                            |
| <b>Loan Proceeds</b>  | <u>-</u>                   | <u>-</u>                               | <u>-</u>                         | <u>-</u>                                  |
| <b>GRAND TOTAL - REVENUES-<br/>PRIMARY GOVERNMENT FUNDS</b> | <u>\$ 1,138,301</u>        | <u>\$ 1,138,301</u>                    | <u>\$ 1,486,469</u>              | <u>\$ 348,168</u>                         |

The accompanying notes are an integral part of the financial statements.

**TOWN OF COEBURN, VIRGINIA**  
**GOVERNMENTAL FUND EXPENDITURES**  
**BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2018

**SCHEDULE 2**  
**Page 1**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget as<br/>Amended</u> | <u>GAAP<br/>Basis<br/>Actual</u> | <u>Variance<br/>with<br/>Final Budget</u> |
|--|----------------------------|--|----------------------------------|---|
| <b>PRIMARY GOVERNMENT</b>                  |                            |  |                                  |   |
| <b>GENERAL FUND:</b>                       |                            |  |                                  |   |
| <b>Administration:</b>                     |                            |  |                                  |   |
| Salaries and wages                         | \$ 22,260                  | \$ 22,260                              | \$ 21,648                        | \$ 612                                    |
| Fringe benefits                            | 6,371                      | 6,371                                  | 6,577                            | (206)                                     |
| Supplies                                   | 4,050                      | 4,050                                  | 5,679                            | (1,629)                                   |
| Printing                                   | 100                        | 100                                    | -                                | 100                                       |
| Legislative                                | 5                          | 5                                      | 2,494                            | (2,489)                                   |
| General insurance                          | 20,700                     | 20,700                                 | -                                | 20,700                                    |
| Telephone                                  | 500                        | 500                                    | 851                              | (351)                                     |
| Equipment                                  | 11,000                     | 11,000                                 | 4,478                            | 6,522                                     |
| Travel , Training & Meals                  | -                          | -                                      | 725                              | (725)                                     |
| Dues & association fees                    | 2,200                      | 2,200                                  | 535                              | 1,665                                     |
| Elections                                  | 1,700                      | 1,700                                  | -                                | 1,700                                     |
| Data Processing                            | 3,650                      | 3,650                                  | 101                              | 3,549                                     |
| Total Administration                       | <u>72,536</u>              | <u>72,536</u>                          | <u>43,088</u>                    | <u>29,448</u>                             |
| <b>Treasurer's Department:</b>             |                            |  |                                  |   |
| Salaries                                   | 40,518                     | 40,518                                 | 42,827                           | (2,309)                                   |
| Fringe benefits                            | 22,781                     | 22,781                                 | 20,921                           | 1,860                                     |
| Supplies                                   | 7,500                      | 7,500                                  | 9,473                            | (1,973)                                   |
| Printing                                   | 4,400                      | 4,400                                  | 3,181                            | 1,219                                     |
| Postage                                    | 4,500                      | 4,500                                  | 2,780                            | 1,720                                     |
| Telephone                                  | 900                        | 900                                    | 1,702                            | (802)                                     |
| Equipment                                  | 7,200                      | 7,200                                  | -                                | 7,200                                     |
| Travel, Training & Meals                   | 200                        | 200                                    | -                                | 200                                       |
| Dues & Association Fees                    | 340                        | 340                                    | 744                              | (404)                                     |
| Data Processing                            | 3,194                      | 3,194                                  | 1,226                            | 1,968                                     |
| Total Treasurer's Department               | <u>91,533</u>              | <u>91,533</u>                          | <u>82,854</u>                    | <u>8,679</u>                              |
| <b>Professional Services:</b>              |                            |  |                                  |   |
| Professional Services Audit                | 7,500                      | 7,500                                  | -                                | 7,500                                     |
| Professional Services Accounting           | 8,000                      | 8,000                                  | 7,411                            | 589                                       |
| Professional Services Legal                | 18,000                     | 18,000                                 | 16,500                           | 1,500                                     |
| Professional Services A&E                  | 1,000                      | 1,000                                  | -                                | 1,000                                     |
| Total Professional Services                | <u>34,500</u>              | <u>34,500</u>                          | <u>23,911</u>                    | <u>10,589</u>                             |
| <b>General and Administrative Expenses</b> | <u>198,569</u>             | <u>198,569</u>                         | <u>149,853</u>                   | <u>48,716</u>                             |

The accompanying notes are an integral part of the financial statements.

TOWN OF COEBURN, VIRGINIA  
GOVERNMENTAL FUND EXPENDITURES  
BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2018

|   | GAAP       | Final      | Original   |              |
|---|------------|------------|------------|--------------|
|   | Basis      | Budget as  | Budget     |              |
|   | Actual     |            |            |              |
|   |            |            |            | Variance     |
|   |            |            |            | Final Budget |
|   |            |            |            |              |
| <b>Public Safety:</b>                       |            |            |            |              |
| <b>Law Enforcement and Traffic Control:</b> |            |            |            |              |
| Salaries and wages                          | \$ 301,540 | \$ 289,308 | \$ 289,308 | \$ (12,232)  |
| Fringes benefits                            | 124,784    | 147,937    | 147,937    | 23,153       |
| Supplies                                    | 9,284      | 4,500      | 4,500      | (4,784)      |
| Communications                              | -          | -          | -          | -            |
| Legal fees                                  | 159        | 500        | 500        | 341          |
| Uniforms                                    | 3,044      | 3,000      | 3,000      | (44)         |
| Telephone                                   | 9,974      | 9,000      | 9,000      | (974)        |
| Fuel  | 13,156     | 14,000     | 14,000     | 844          |
| Repairs & maintenance                       | 9,472      | 6,500      | 6,500      | (2,972)      |
| Regional jail fees                          | -          | 500        | 500        | 500          |
| Equipment                                   | 16,452     | 13,000     | 13,000     | (3,452)      |
| Travel and Training                         | 5,451      | 750        | 750        | (4,701)      |
| Dues and association fees                   | 1,324      | 3,600      | 3,600      | 2,276        |
| Data processing                             | 2,856      | 4,500      | 4,500      | 1,644        |
| Projects and Equipment                      | 12,175     | -          | -          | (12,175)     |
| Total Law Enforcement and Traffic Control   | 509,671    | 497,095    | 497,095    | (12,576)     |
| <b>Fire and Rescue Services:</b>            |            |            |            |              |
| Salaries and Wages                          | -          | -          | -          | -            |
| Line of Duty Act                            | 148        | -          | -          | (148)        |
| Supplies                                    | 14,742     | 12,000     | 12,000     | (2,742)      |
| Insurance                                   | 18,176     | 14,000     | 14,000     | (4,176)      |
| Equipment                                   | -          | 8,000      | 8,000      | 8,000        |
| State Fire Fund                             | -          | 10,000     | 10,000     | 10,000       |
| Total Fire and Rescue Services              | 33,066     | 44,000     | 44,000     | 10,934       |
| Total Public Safety                         | 542,737    | 541,095    | 541,095    | (1,642)      |

|                                 |         |         |         |          |
|---------------------------------|---------|---------|---------|----------|
| <b>Public Works:</b>            |         |         |         |          |
| <b>Buildings &amp; Grounds:</b> |         |         |         |          |
| Salaries and wages              | 86,160  | 77,596  | 77,596  | (8,564)  |
| Fringe benefits                 | 83,251  | 73,936  | 73,936  | (9,315)  |
| Contract services               | -       | -       | -       | -        |
| Operating Expenses              | 23,459  | 26,000  | 26,000  | 2,541    |
| Street lights                   | 48,457  | 47,500  | 47,500  | (957)    |
| Shop                            | 16,485  | 14,000  | 14,000  | (2,485)  |
| Community Center                | 16,581  | 11,000  | 11,000  | (5,581)  |
| Community Services Building     | 11,729  | 11,000  | 11,000  | (729)    |
| Town Hall                       | 4,760   | 4,600   | 4,600   | (160)    |
| Parks & recreation              | 24,635  | 16,000  | 16,000  | (8,635)  |
| Repair & Replacement            | 30      | -       | -       | (30)     |
| Stone & Asphalt                 | 2,436   | -       | -       | (2,436)  |
| Contingency                     | -       | -       | -       | -        |
| Total Buildings & Grounds       | 317,982 | 281,632 | 281,632 | (36,350) |

The accompanying notes are an integral part of the financial statements.



**TOWN OF COEBURN, VIRGINIA**  
**GOVERNMENTAL FUND EXPENDITURES**  
**BUDGETARY COMPARISON SCHEDULE**  
Year Ended June 30, 2018

**SCHEDULE 2**  
**Page 3**

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget as<br/>Amended</u> | <u>GAAP<br/>Basis<br/>Actual</u> | <u>Variance<br/>with<br/>Final Budget</u> |
|---|----------------------------|--|----------------------------------|---|
| <b>Sanitation and Waste Removal:</b>                            |                            |  |                                  |   |
| Salaries and wages  | 44,161                     | 44,161                                 | 53,207                           | (9,046)                                   |
| Fringe benefits   | 19,994                     | 19,994                                 | 22,601                           | (2,607)                                   |
| Supplies  | 9,000                      | 9,000                                  | 7,634                            | 1,366                                     |
| Operations  | 1,000                      | 1,000                                  | 133                              | 867                                       |
| Repairs & Maintenance   | 10,000                     | 10,000                                 | 15,156                           | (5,156)                                   |
| Contract services   | -                          | -                                      | -                                | -   |
| Total Sanitation and Waste Removal                              | <u>84,155</u>              | <u>84,155</u>                          | <u>98,732</u>                    | <u>(14,577)</u>                           |
| Total Public Works  | <u>365,787</u>             | <u>365,787</u>                         | <u>416,714</u>                   | <u>(50,927)</u>                           |
| <b>Parks, Recreation and Cultural:</b>                          |                            |  |                                  |   |
| Salaries and wages  | 11,000                     | 11,000                                 | 17,407                           | (6,407)                                   |
| Fringe benefits   | 2,950                      | 2,950                                  | 2,281                            | 669                                       |
| Supplies  | 6,500                      | 6,500                                  | 3,951                            | 2,549                                     |
| Miscellaneous   | -                          | -                                      | -                                | -   |
| Projects and Equipment  | <u>2,200</u>               | <u>2,200</u>                           | <u>8,554</u>                     | <u>(6,354)</u>                            |
| Total Parks and Recreation                                      | <u>22,650</u>              | <u>22,650</u>                          | <u>32,194</u>                    | <u>(9,544)</u>                            |
| <b>Community Development:</b>                                   |                            |  |                                  |   |
| <b>Planning &amp; Community Development:</b>                    |                            |  |                                  |   |
| Lay's Hardware  | -                          | -                                      | -                                | -   |
| WiseJAMS Program  | -                          | -                                      | -                                | -   |
| Civic activities  | 5,000                      | 5,000                                  | 5,000                            | -   |
| Library   | 5,000                      | 5,000                                  | 5,000                            | -   |
| Airport commission  | 100                        | 100                                    | -                                | 100                                       |
| Miscellaneous   | <u>100</u>                 | <u>100</u>                             | <u>-</u>                         | <u>100</u>                                |
| Total Community Development                                     | <u>10,200</u>              | <u>10,200</u>                          | <u>10,000</u>                    | <u>200</u>                                |
| <b>Grant Expenses:</b>  |                            |  |                                  |   |
| Love Works Project Grant Expense                                | -                          | -                                      | -                                | -   |
| CDBG Housing Rehab Grant Expense                                | -                          | -                                      | 338,709                          | (338,709)                                 |
| VML Risk Mgmt Grant Expense                                     | -                          | -                                      | -                                | -   |
| Community Video Grant   | <u>-</u>                   | <u>-</u>                               | <u>-</u>                         | <u>-</u>                                  |
| Total Grant Expense   | <u>-</u>                   | <u>-</u>                               | <u>338,709</u>                   | <u>(338,709)</u>                          |
| <b>Police Restitution/Christmas Fund Expense</b>                | <u>-</u>                   | <u>-</u>                               | <u>-</u>                         | <u>-</u>                                  |
| <b>Debt Service:</b>  |                            |  |                                  |   |
| Principal retirement  | -                          | -                                      | 38,575                           | (38,575)                                  |
| Interest  | <u>-</u>                   | <u>-</u>                               | <u>473</u>                       | <u>(473)</u>                              |
| Total Debt Service  | <u>-</u>                   | <u>-</u>                               | <u>39,048</u>                    | <u>(39,048)</u>                           |
| <b>GRAND TOTAL - EXPENDITURES-<br/>PRIMARY GOVERNMENT FUNDS</b> | <u>\$ 1,138,301</u>        | <u>\$ 1,138,301</u>                    | <u>\$ 1,529,255</u>              | <u>\$ (390,954)</u>                       |

The accompanying notes are an integral part of the financial statements.

**TOWN OF COEBURN, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**RETIREMENT PLAN**  
**JUNE 30, 2018**

**Schedule of Changes in the Town of Coeburn, Virginia's**  
**Net Pension Liability and Related Ratios**

|   |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Total pension liability</b>                                  |                     |                     |                     |                     |
| Service cost  | \$ 66,648           | \$ 67,774           | \$ 62,369           | \$ 29,849           |
| Interest  | 200,776             | 190,058             | 202,741             | 199,519             |
| Changes of benefit terms  | -                   | -                   | -                   | -                   |
| Differences between expected and actual experience              | (232,479)           | 71,007              | (261,479)           | -                   |
| Changes in assumptions  | 16,076              | -                   | -                   | -                   |
| Benefit Payments, including refunds of employee contributions   | (168,049)           | (183,396)           | (186,241)           | (180,426)           |
| <b>Net change in total pension liability</b>                    | <b>(117,028)</b>    | <b>145,443</b>      | <b>(182,610)</b>    | <b>48,942</b>       |
| <b>Total pension liability-beginning</b>                        | <b>2,952,257</b>    | <b>2,806,814</b>    | <b>2,989,424</b>    | <b>2,940,482</b>    |
| <b>Total pension liability-ending (a)</b>                       | <b>\$ 2,835,229</b> | <b>\$ 2,952,257</b> | <b>\$ 2,806,814</b> | <b>\$ 2,989,424</b> |
| <b>Plan fiduciary net position</b>                              |                     |                     |                     |                     |
| Contributions-employer  | \$ 24,954           | \$ 106,017          | \$ 111,484          | \$ 30,323           |
| Contributions-employee  | 34,546              | 34,745              | 64,785              | 18,612              |
| Net investment income   | 348,176             | 49,770              | 128,223             | 387,976             |
| Benefit Payments, including refunds of employee contributions   | (168,049)           | (183,396)           | (186,241)           | (180,426)           |
| Administrative expense  | (2,075)             | (1,797)             | (1,739)             | (2,184)             |
| Other   | (307)               | (21)                | (28)                | 20                  |
| <b>Net change in plan fiduciary net position</b>                | <b>237,245</b>      | <b>5,318</b>        | <b>116,484</b>      | <b>254,321</b>      |
| <b>Plan fiduciary net position-beginning</b>                    | <b>2,905,597</b>    | <b>2,900,279</b>    | <b>2,783,795</b>    | <b>2,529,474</b>    |
| <b>Plan fiduciary net position-ending (b)</b>                   | <b>\$ 3,142,842</b> | <b>\$ 2,905,597</b> | <b>\$ 2,900,279</b> | <b>\$ 2,783,795</b> |
| <b>Town of Coeburn, Virginia's</b>                              |                     |                     |                     |                     |
| <b>Net pension liability-ending (a) - (b)</b>                   | <b>\$ (307,613)</b> | <b>\$ 46,660</b>    | <b>\$ (93,465)</b>  | <b>\$ 205,629</b>   |
| <b>Plan fiduciary net position as a percentage of the total</b> |                     |                     |                     |                     |
| <b>Pension liability</b>  | <b>110.8%</b>       | <b>98.4%</b>        | <b>103.3%</b>       | <b>93.1%</b>        |
| <b>Covered payroll</b>  | <b>\$ 720,016</b>   | <b>\$ 745,310</b>   | <b>\$ 779,769</b>   | <b>\$ 829,238</b>   |
| <b>Town of Coeburn, Virginia's net pension liability</b>        |                     |                     |                     |                     |
| <b>As a percentage of covered payroll</b>                       | <b>-42.7%</b>       | <b>6.3%</b>         | <b>-12.0%</b>       | <b>24.8%</b>        |

**TOWN OF COEBURN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**RETIREMENT PLAN**  
**JUNE 30, 2018**

**Schedule of Employer Contributions**  
**For the Year Ended June 30, 2018**

| Date | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Employee<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Employee<br>Payroll<br>(5) |
|------|--|---|---|---|---|
| 2017 | 21,897   | 21,897  | 0   | 720,016   | .030%   |
| 2016 | 106,017  | 106,017   | 0   | 745,310   | 14.22%  |
| 2015 | 111,484  | 111,484   | 0   | 779,769   | 14.30%  |
| 2014 | 113,793  | 113,793   | 0   | 829,238   | 13.7%   |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**VRS RETIREMENT PLAN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016.

**Largest 10 – Non-Hazardous Duty**

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                            |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increase rate from 14% to 20%   |

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

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                            |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Lowered rates   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increase rate from 14% to 15%   |

**Largest 10 – Hazardous Duty**

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates  | Lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience                              |
| Disability Rates  | Increased rates  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increase rate from 60% to 70%  |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**VRS RETIREMENT PLAN**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**All Others (Non 10 Largest) – Hazardous Duty**

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                            |
| Retirement Rates  | Increased age 50 rates, and lowered rates at older ages   |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better fit experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increase rate from 60% to 45%   |

**TOWN OF COEBURN, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**GROUP LIFE INSURANCE PROGRAM**  
**JUNE 30, 2018**

**Schedule of Town of Coeburn, VA's Share of**  
**Net OPEB Liability**  
**Group Life Insurance Program**  
**For the Year Ended June 30, 2018\***

|   | <u>2018</u> |
|---|-------------|
| Employer's Proportion of the Net GLI OPEB Liability (Asset)   | 0.00357%    |
| Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)  | \$ 59,000   |
| Employer's Covered Payroll  | \$ 720,016  |
| Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll | 8.19%       |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability                                 | 48.86%      |

*Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.*

\*The amounts presented have a measurement date of the previous fiscal year end.

**For Reference Only:** The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 116 of the VRS 2017 Comprehensive Annual Financial Report (CAFR).

**TOWN OF COEBURN, VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**VIRGINIA RETIREMENT SYSTEM**  
**GROUP LIFE INSURANCE PROGRAM**  
**JUNE 30, 2018**

**Schedule of Employer Contributions**  
**For the Years Ended June 30, 2009 through 2018**

| Date | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Employee<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Employee<br>Payroll<br>(5) |
|------|--|---|---|---|---|
| 2018 | 3,558  | 3,558   | 0   | 720,016   | 0.5%  |

*Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.*

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**GROUP LIFE INSURANCE PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes of benefit terms** – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016.

**General State Employees**

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                            |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |
| Line of Duty Disability   | Increase rate from 14% to 25%   |

**Teachers**

|   |   |
|---|---|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                            |
| Retirement Rates  | Lowered rates at older ages and changed final retirement from 70 to 75                          |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates  | Adjusted rates to better match experience   |
| Salary Scale  | No change   |

**SPORS Employees**

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages   |
| Withdrawal Rates  | Adjusted rates to better fit experience  |
| Disability Rates  | Adjusted rates to better match experience  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increase rate from 60% to 85%  |



**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**GROUP LIFE INSURANCE PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**VaLORS Employees**

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience |
| Retirement Rates  | Increased age 50 rates, and lowered rates at older ages  |
| Withdrawal Rates  | Adjusted rates to better fit experience at each year age and service through 9 years of service  |
| Disability Rates  | Adjusted rates to better match experience  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Decreased rate from 50% to 35%   |

**JRS Employees**

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020 |
| Retirement Rates  | Decreased rates at first retirement eligibility                      |
| Withdrawal Rates  | No change  |
| Disability Rates  | Removed disability rates   |
| Salary Scale  | No change  |

**Largest Ten Locality Employers-General Employees**

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                   |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 20%   |

**Non-Largest Ten Locality Employers-General Employees**

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020                   |
| Retirement Rates  | Lowered retirement rates at older ages and extended final retirement age from 70 to 75 |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year       |
| Disability Rates  | Lowered disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 14% to 15%   |

**TOWN OF COEBURN, VIRGINIA**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**GROUP LIFE INSURANCE PROGRAM**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Largest Ten Locality Employers—Hazardous Duty Employees**

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020             |
| Retirement Rates  | Lowered retirement rates at older ages   |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates  | Increased disability rates   |
| Salary Scale  | No change  |
| Line of Duty Disability   | Increased rate from 60% to 70%   |

**Non-Largest Ten Locality Employers—Hazardous Duty Employees**

|   |  |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to a more current mortality table – RP-2014 projected to 2020             |
| Retirement Rates  | Increased age 50 rates and lowered rates at older ages                           |
| Withdrawal Rates  | Adjusted termination rates to better fit experience at each age and service year |
| Disability Rates  | Adjusted rates to better match experience  |
| Salary Scale  | No change  |
| Line of Duty Disability   | Decreased rate from 60% to 45%   |

**TOWN OF COEBURN, VIRGINIA**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years\***

**SCHEDULE 5**

**Water and Sewer Revenue Bonds**

| <b><u>Fiscal</u><br/><u>Year</u></b> | <b><u>Gross</u><br/><u>revenues</u></b> | <b><u>Less</u><br/><u>operating</u><br/><u>expenses</u></b> | <b><u>Net revenues</u><br/><u>available for</u><br/><u>debt service</u></b> | <b><u>Debt Service</u></b> |                        | <b><u>Coverage</u></b> |
|--------------------------------------|---|---|---|----------------------------|------------------------|------------------------|
|                                      |   |   |   | <b><u>Principal</u></b>    | <b><u>Interest</u></b> |                        |
| 2018                                 | 2,731,222                               | (3,608,095)   | \$ (876,873)  | 122,119                    | 12,370                 | -652%                  |

*Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.*