

COUNCIL

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Russell Jones, Mayor

G. Cabell Lawton, IV Town Manager

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Onancock Virginia, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of pension funding progress on pages 3-7, 41, and 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Onancock, Virginia's basic financial statements. The combining fund financial statements, supporting schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2014, on our consideration of Town of Onancock, 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 Onancock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates Charlottesville, Virginia

October 7, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Onancock, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2014.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,390,420 (net position). A majority of this amount, \$11,647,172, is invested in capital assets and is not available to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town reported a General Fund balance of \$230,515, a decrease of \$11,151 from the prior year.
- The Town's total long-term obligations decreased from \$10,144,307 to \$9,720,082 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components:

- Government-wide financial statements.
- Fund financial statements, and
- Notes to financial statements.

This report also contains required and other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Overview of the Financial Statements: (Continued)

The Government-wide financial statements include only the Town of Onancock, Virginia, itself (known as the primary government).

<u>Fund financial statements</u> - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Onancock, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories - the governmental funds and proprietary funds.

<u>Governmental funds</u> - *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement focuses on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town maintains a total of three governmental funds. Of the three governmental funds, one is considered to be a major fund, the General Fund. The other two governmental funds are the Housing Rehabilitation Fund and the Police Seizure Fund, both of which are nonmajor.

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

<u>Proprietary funds</u> - The Town maintains one proprietary fund - the Water and Sewer Fund. Proprietary funds use the accrual basis of accounting, similar to the private sector business.

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

<u>Other information</u> - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and the schedule of pension funding progress.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities and deferred inflows of resources by \$12,390,420 at the close of the most recent fiscal year.

Government-wide Financial Analysis: (Continued)

Town of Onancock, Virginia's Net Position

		Governmental Activities				Business-type Activities				To	otal	s
		2014		2013	_	2014		2013	_	2014	_	2013
Current and other assets Capital assets	\$	528,583 1,947,249	\$	511,330 1,949,758	\$	775,812 19,388,834	\$	1,180,267 19,792,269	\$	1,304,395 21,336,083	\$_	1,691,597 21,742,027
Total assets	\$_	2,475,832	\$	2,461,088	\$	20,164,646	\$	20,972,536	\$	22,640,478	\$	23,433,624
Current liabilities Long-term liabilities	\$	81,672 195,075	\$	48,671 217,111	\$	892,385 9,080,926	\$	694,582 9,488,756	\$	974,057 9,276,001	\$_	743,253 9,705,867
Total liabilities	\$_	276,747	\$_	265,782	\$_	9,973,311	\$_	10,183,338	\$_	10,250,058	\$_	10,449,120
Net position: Net investment in capital assets Unrestricted	\$_	1,745,609 453,476	\$	1,726,736 468,570	\$	9,901,563 289,772	\$	9,898,469 690,756	\$	11,647,172 743,248	\$ 	11,625,205 1,159,326
Total net position	\$_	2,199,085	\$	2,195,306	\$_	10,191,335	\$_	10,589,225	\$_	12,390,420	\$_	12,784,531
Total Liabilities and Net Position	\$_	2,475,832	\$	2,461,088	\$_	20,164,646	\$_	20,772,563	\$_	22,640,478	\$_	23,233,651

A large part of the Town's net position, \$11,647,172, reflects its investment in capital assets (e.g., land, buildings and improvements, 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.

Government-wide Financial Analysis: (Continued)

<u>Governmental Activities</u> - Governmental activities increased the Town's net position by \$3,779 while proprietary activities decreased net position by \$397,890. Key elements of these changes are as follows:

Town of Onancock, Virginia's Changes in Net Position For the Years Ended June 30, 2014 and 2013

			vernmental Activities			Busin Ac	ess tivit	31	Totals	S
	_	2014		2013	_	2014		2013	2014	2013
Revenues:	_									
Program revenues:										
Charges for services	\$	106,723	\$	121,538	\$	764,376	\$	939,787 \$	871,099 \$	1,061,325
Operating grants and contributions		84,690		71,021		-		-	84,690	71,021
Capital grants and contributions		50,410		194,498		-		194,187	50,410	388,685
General revenues:										
General property taxes		432,462		439,399		-		-	432,462	439,399
Other local taxes		363,988		411,346		-		-	363,988	411,346
Other general revenues	_	136,663		111,390	_	22		18,690	136,685	130,080
Total revenues	\$_	1,174,936	\$_	1,349,192	\$_	764,398	\$_	1,152,664 \$	1,939,334 \$	2,501,856
Expenses:										
General government administration	\$	360,651	\$	312,234	\$	-	\$	- \$	360,651 \$	312,234
Public safety		354,843		341,356		-		-	354,843	341,356
Public works		250,481		305,429		-		-	250,481	305,429
Parks, recreation, and cultural		198,726		130,027		-		-	198,726	130,027
Interest and other fiscal charges		6,456		11,776		-		-	6,456	11,776
Water and Sewer Fund	_	-	_	-		1,162,288		1,167,127	1,162,288	1,167,127
Total expenses	\$_	1,171,157	\$_	1,100,822	\$_	1,162,288	\$_	1,167,127 \$	2,333,445 \$	2,267,949
Increase/(Decrease) in net position	\$	3,779	\$	248,370	\$	(397,890)	\$	(14,463) \$	(394,111) \$	233,907
Net position, beginning	_	2,195,306	_	1,946,936		10,589,225		10,603,688	12,784,531	12,550,624
Net position, ending	\$_	2,199,085	\$	2,195,306	\$_	10,191,335	\$_	10,589,225 \$	12,390,420 \$	12,784,531

Financial Analysis of the Town's Funds

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

<u>Governmental Funds</u> - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. At June 30, 2014 the Town's fund balances total \$380,348, as the balance decreased \$11,151 during the fiscal year.

General Fund Budgetary Highlights

The General Fund budget reflected revenues in the amount of \$1,191,440 and expenditures of \$1,141,102 (reference schedules 1 and 2). Actual General Fund revenues totaled \$1,178,616 which was \$12,824 less than the original budget. General Fund expenditures totaled \$1,189,767 and were over the final budget amounts by \$48,665. Overall general expenditures exceeded revenues by \$11,151, reference Exhibit 9.

Capital Asset and Debt Administration

<u>Capital assets</u> - The Town's investment in capital assets (net of related debt) for its governmental funds as of June 30, 2014 totals \$1,745,609 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, and machinery and equipment. The Town's investment in capital assets for the current fiscal year decreased by \$2,509. This includes the expenses related to the Harbormaster facility which was completed in 2014. Capital assets in the proprietary fund decreased by \$403,435.

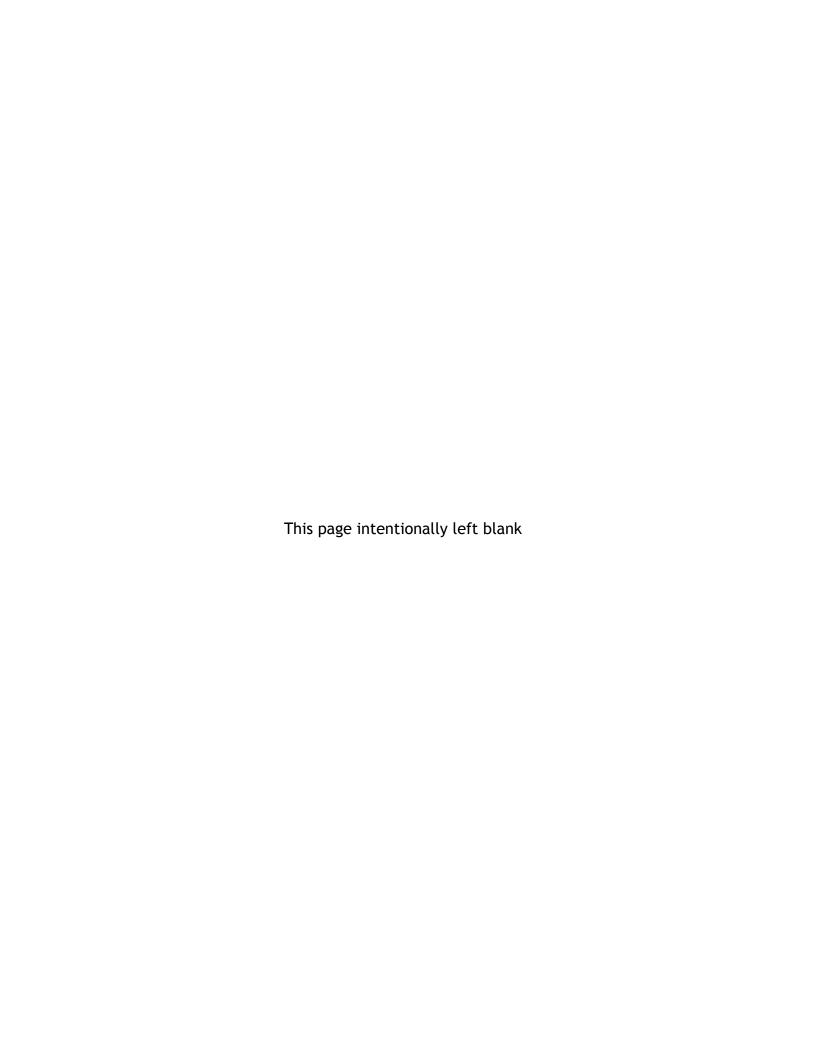
Additional information on the Town's capital assets can be found in Note 4 to the financial statements.

Debt

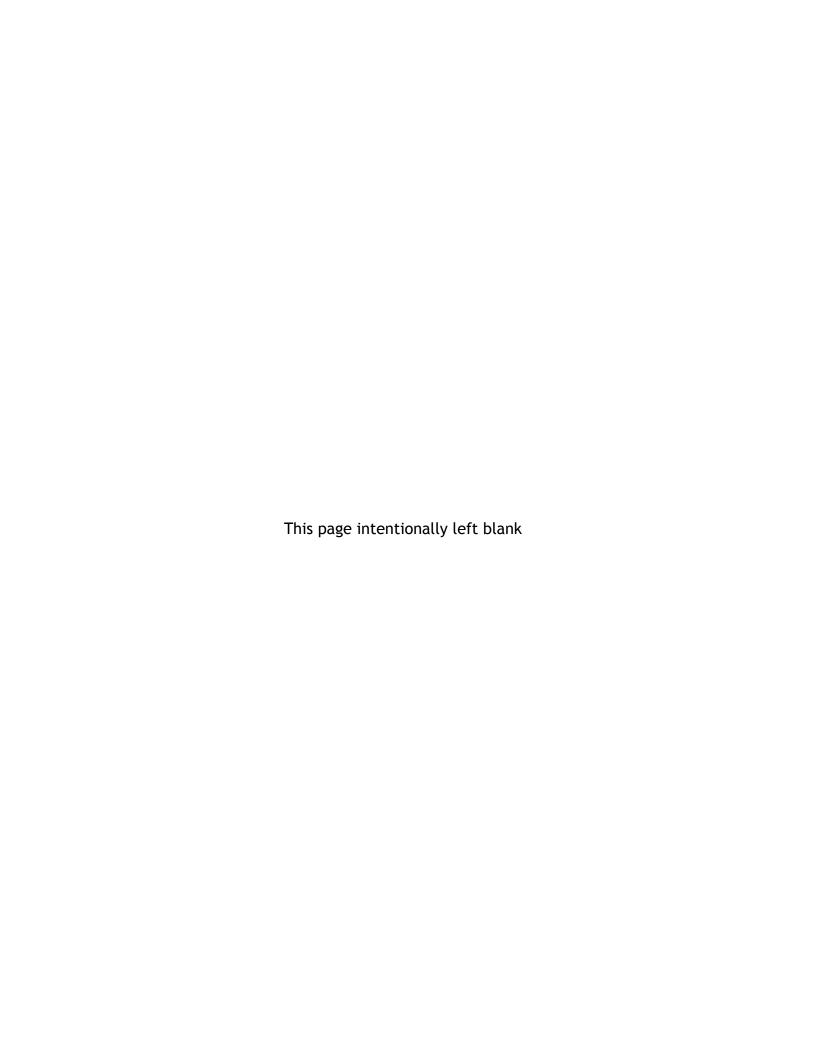
During the year, the Town decreased its business-type activities obligations by \$403,106. Annual requirements to amortize all long-term debt and related interest and other information relative to the Town's debt can be found in Note 5 to the financial statements.

Contact the Town's Financial Management

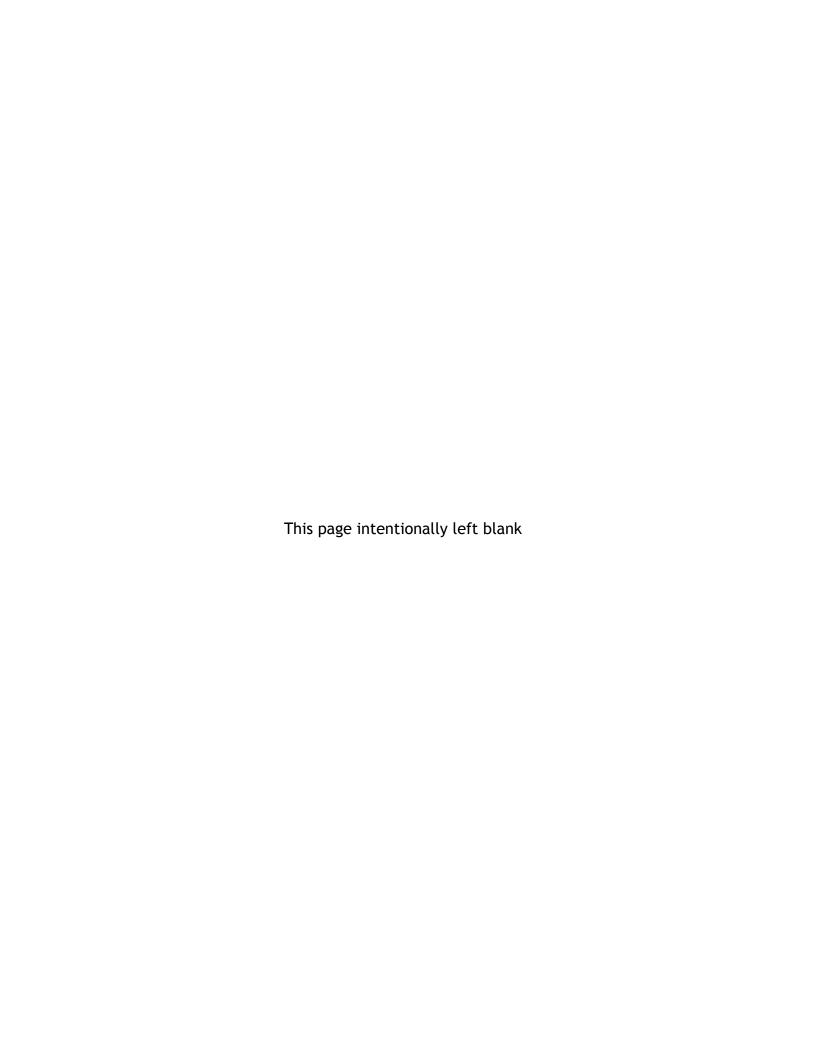
This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Onancock, 15 North Street, Onancock, Virginia 23417.











	_	Primary Government						
	_	Governmental Activities		Business- type Activities		Total		
ASSETS								
Current Assets: Cash and cash equivalents	\$	160,509	ς	908,554	ς	1,069,063		
Receivables (net of allowance for uncollectibles):	7	100,307	7	700,001	7	1,007,003		
Property taxes		111,501		-		111,501		
Accounts receivable		6,048		97,958		104,006		
Prepaid items		17,413		2,412		19,825		
Internal balances	-	233,112		(233,112)				
Total Current Assets	\$_	528,583	\$_	775,812	\$_	1,304,395		
Noncurrent Assets:								
Capital assets (net of depreciation):								
Land	\$	908,494	\$		\$	908,494		
Construction in progress		452 (22		276,070		276,070		
Buildings and improvements Machinery and equipment		452,623 30,018		4,238,713		4,691,336		
Infrastructure		556,114		129,455 14,744,596		159,473 15,300,710		
Total capital assets (net of accumulated depreciation)	\$		_	19,388,834				
Total capital assets (het of accumulated depreciation)	- د	1,747,247	_ ۲	17,300,034	ـ ۲	21,330,003		
Total Noncurrent Assets	\$_	1,947,249	\$_	19,388,834	\$_	21,336,083		
Total Assets	\$_	2,475,832	\$_	20,164,646	\$_	22,640,478		
LIABILITIES								
Current Liabilities:								
Accounts payable and accrued expenses	\$	53,046	\$	64,381	\$	117,427		
Retainage payable		-		200,000		200,000		
Accrued interest payable		- 4 400		7,968		7,968		
Amount held for town historic preservation Unearned revenue		4,608		100.073		4,608		
Current portion of long-term obligations		24,018		199,973 420,063		199,973 444,081		
current portion of long-term obligations	-	24,010		420,003		444,001		
Total Current Liabilities	\$	81,672	\$	892,385	\$	974,057		
Noncurrent Liabilities:								
Noncurrent portion of long-term obligations	_	195,075	_	9,080,926	_	9,276,001		
Total Liabilities	\$_	276,747	\$_	9,973,311	\$_	10,250,058		
NET POSITION								
Net investment in capital assets	\$	1,745,609	ς	9,901,563	ς	11,647,172		
Unrestricted assets	ب	453,476		289,772	ب	743,248		
	-	•		•				
Total Net Position	\$_	2,199,085	\$_	10,191,335	\$_	12,390,420		
Total Liabilities and Net Position	\$ <u></u>	2,475,832	\$_	20,164,646	\$_	22,640,478		

			_	Program Revenues							
Functions/Programs		Expenses		Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions			
Governmental activities:											
General government administration	\$	360,651	\$	-	\$	-	\$	-			
Public safety		354,843		18,480		73,985		-			
Public works		250,481		26,503		10,705		-			
Parks, recreation and cultural		198,726		61,740		-		50,410			
Interest and other fiscal charges	_	6,456	_	-		-					
Total governmental activities	\$	1,171,157	\$	106,723	\$	84,690	\$	50,410			
Business-type activities:											
Water and Sewer	_	1,162,288	_	736,275		-					
Total primary government	\$_	2,333,445	\$_	842,998	\$	84,690	\$	50,410			

General revenues:

General property taxes

Local sales and use taxes

Consumers utility taxes

Other local taxes

Unrestricted revenues from use of money and property

Grants and contributions not restricted to specific programs

Miscellaneous

Total general revenues

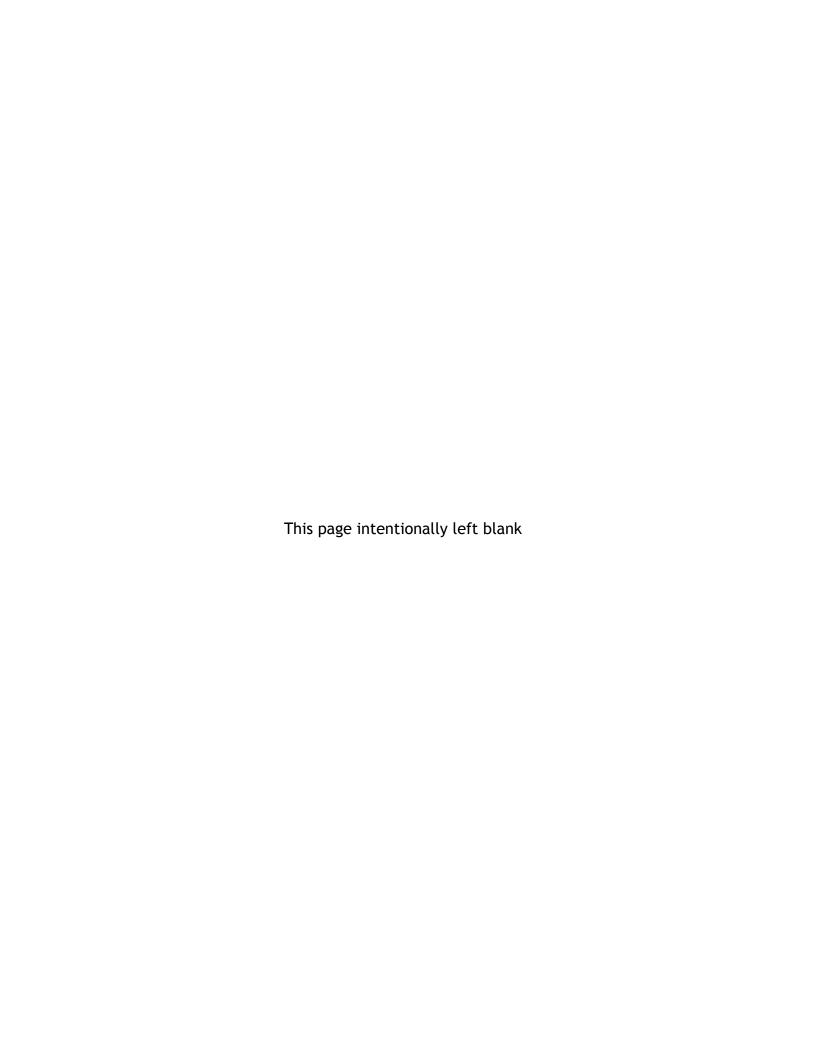
Change in net position

Net position - beginning

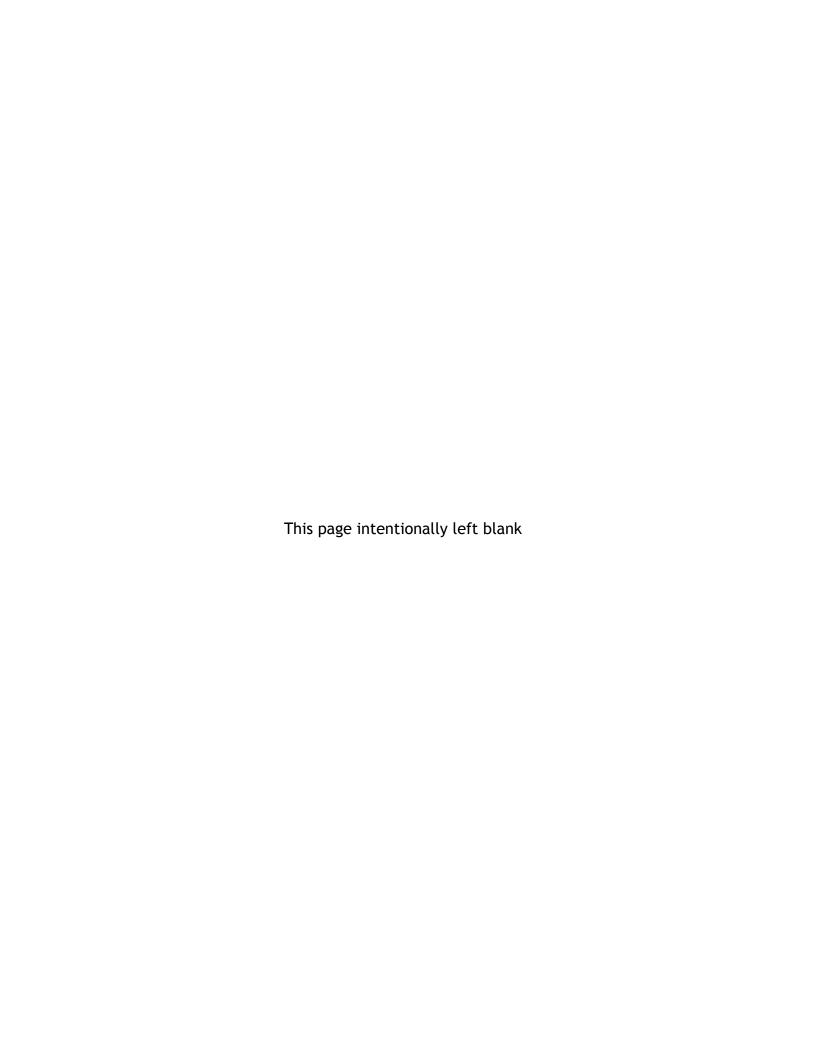
Net position - ending

Net (Expense) Revenue and Changes in Net Position

Pı	rimary	Primary Government									
		ısiness-									
Governmental		Туре									
Activities	Ac	tivities		Total							
\$ (360,651) \$		-	\$	(360,651)							
(262,378)		-		(262,378)							
(213,273)		-		(213,273)							
(86,576)		-		(86,576)							
(6,456)		-		(6,456)							
\$ (929,334) \$		-	\$	(929,334)							
		(426,013)		(426,013)							
\$ (929,334)		(426,013)	\$	(1,355,347)							
\$ 432,462 \$		-	\$	432,462							
64,037		-		64,037							
142,555		-		142,555							
157,396		-		157,396							
29,771		22		29,793							
68,265		-		68,265							
38,627		28,101		66,728							
\$ 933,113		28,123	\$	961,236							
\$ 3,779 \$		(397,890)	\$	(394,111)							
2,195,306	1	0,589,225		12,784,531							
\$ 2,199,085	1	0,191,335	\$	12,390,420							







ASSITS		_	General Fund	(Other Governmental Funds		Total
Taxes, including penalties	Cash and cash equivalents	\$	104,161	\$	56,348	\$	160,509
Prepaid items	Taxes, including penalties Accounts		6,048		-		6,048
Main		_	,		93,517		
State Stat	Total assets	\$_	378,750	\$_	149,865	\$_	528,615
Unavailable revenue \$ 90,581 \$ 0.5 90,581 \$	Accounts payable Amount held for town historic preservation	\$		\$	-	\$	4,608
Unavailable revenue \$ 90,581 \$ - \$ 90,581 FUND BALANCES Nonspendable \$ 17,413 \$ - \$ 17,413 Restricted: Housing rehabilitation	Total liabilities	\$_	57,654	\$_	32	\$	57,686
FUND BALANCES Nonspendable Restricted: Housing rehabilitation Plotice seizure Restricted: Ploting rehabilitation Restricted: R							
Nonspendable Restricted: Housing rehabilitation Housing rehabilitation Housing rehabilitation Housing rehabilitation Unassigned Unassigned Unassigned Unassigned Unassigned Unassigned Total fund balances Total fund balances Total liabilities, deferred inflows of resources, and fund balances Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position: Fund balance of governmental funds When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Long-term liabilities applicable to the localitys governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term-are reported in the Statement of Net Position. Compensated absenses General obligation bonds Note payable 17,413 145,725 149,865 14	Unavailable revenue	\$_	90,581	\$_	-	\$_	90,581
Police seizure Unassigned 213,102 Total fund balances \$ 230,515 \$ 149,833 \$ 380,348 Total liabilities, deferred inflows of resources, and fund balances \$ 378,750 \$ 149,865 \$ 528,615 Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position: Fund balance of governmental funds When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the locality as a whole. Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilitiesboth current and long-termare reported in the Statement of Net Position. Compensated absenses \$ (17,453)	Nonspendable	\$	17,413	\$	-	\$	17,413
Total fund balances Total liabilities, deferred inflows of resources, and fund balances Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position: Fund balance of governmental funds When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the locality as a whole. Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities-both current and long-term-are reported in the Statement of Net Position. Compensated absenses \$ (17,453) (189,151) (189,151) (19,093)	Housing rehabilitation Police seizure				,		4,108
Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position: Fund balance of governmental funds When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities—both current and long-term—are reported in the Statement of Net Position. Compensated absenses General obligation bonds Note payable S 149,865 \$ 528,615 \$ 380,348 \$ 380,348 \$ 93,348 \$ 90,581		_			-	_	
Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position: Fund balance of governmental funds When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the locality as a whole. Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities—both current and long-term—are reported in the Statement of Net Position. Compensated absenses Seneral obligation bonds (189,151) Note payable (219,093)		. –		_			
Net Position: Fund balance of governmental funds When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the locality as a whole. Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilitiesboth current and long-termare reported in the Statement of Net Position. Compensated absenses General obligation bonds Note payable (17,453) (219,093)	lotal liabilities, deferred inflows of resources, and fund balances	\$_	378,750	÷=	149,865	^{>} =	528,615
When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the locality as a whole. Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilitiesboth current and long-termare reported in the Statement of Net Position. Compensated absenses General obligation bonds Note payable (17,453) (189,151) (12,489) (219,093)		F					
activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the locality as a whole. Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilitiesboth current and long-termare reported in the Statement of Net Position. Compensated absenses General obligation bonds Note payable (12,489) (219,093)	Fund balance of governmental funds					\$	380,348
therefore, are deferred in the funds. Long-term liabilities applicable to the locality's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilitiesboth current and long-termare reported in the Statement of Net Position. Compensated absenses General obligation bonds Note payable (12,489) (219,093)	activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those						1,947,249
payable in the current period and accordingly are not reported as fund liabilities. All liabilitiesboth current and long-termare reported in the Statement of Net Position. Compensated absenses General obligation bonds Note payable (12,489) (219,093)							90,581
General obligation bonds (189,151) Note payable (12,489) (219,093)	payable in the current period and accordingly are not reported as fund liabilities. All liabilitiesboth current and long-termare reported in the Statement of Net Position.			\$	(17,453)		
Net position of general government activities \$\frac{2,199,085}{}\$	General obligation bonds			-	(189,151)		(219,093)
	Net position of general government activities					\$_	2,199,085

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds Year Ended June 30, 2014

		General Fund	_	Other Governmental Funds		Total
Revenues:	\$	436,142	ċ	- 9	ċ	124 112
General property taxes Other local taxes	Ş.	363,988	Ş	- :	Ş	436,142 363,988
Fines and forfeitures		18,410		-		18,410
Revenue from use of money and property		29,771				29,771
Charges for services		88,313				88,313
Miscellaneous		38,627				38,627
Intergovernmental:		30,027				30,027
Commonwealth		195,220		_		195,220
Federal		8,145				8,145
rederat		0,143	-		_	0,143
Total revenues	\$	1,178,616	\$_	- !	\$_	1,178,616
Expenditures:						
Current:						
General government administration	\$	346,266	\$	- 9	\$	346,266
Public safety		343,672		-		343,672
Public works		269,500		-		269,500
Parks, recreation and cultural		190,625		-		190,625
Nondepartmental		11,866		-		11,866
Debt service:						
Principal retirement		21,382		-		21,382
Interest and other fiscal charges		6,456	_	-	_	6,456
Total expenditures	\$	1,189,767	\$_		\$_	1,189,767
Excess (deficiency) of revenues						
over (under) expenditures	\$	(11,151)	\$_	- !	\$	(11,151)
Net change in fund balances	\$	(11,151)	\$	- !	\$	(11,151)
Fund balances, at beginning of year		241,666	_	149,833	_	391,499
Fund balances, at end of year	\$	230,515	\$ _	149,833	\$_	380,348

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds
Year Ended June 30, 2014

			Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	9		
Net change in fund balances - total governmental funds		\$	(11,151)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following details support this adjustment.	i		
Depreciation expense Loss on disposal of assets Capital outlay	\$_	(56,107) (20,514) 74,112	(2,509)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Details of this item consist of deferred taxes.			(3,681)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. A summary of items supporting this adjustment is as follows:			
Principal retired on note payable Principal retired on general obligation bond	\$_	2,674 18,708	21,382
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:	ı		
(Increase)/decrease in compensated absenses			(262)
Change in net position of governmental activities		\$	3,779

Statement of Net Position Proprietary Fund June 30, 2014

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 908,554
Accounts receivable, net of allowance for uncollectibles	97,958
Prepaid items	2,412
Total current assets	\$ 1,008,924
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Construction in process	\$ 276,070
Buildings and improvements	4,238,713
Machinery and equipment	129,455
Infrastructure	14,744,596
Total capital assets (net of accumulated depreciation)	\$ 19,388,834
Total noncurrent assets	\$ 19,388,834
Total assets	\$ 20,397,758
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 64,381
Retainage payable	200,000
Accrued interest payable	7,968
Due to other funds	233,112
Unearned revenue	199,973
Compensated absences - current portion	1,372
Bonds and note payable - current portion	418,691
Total current liabilities	\$ 1,125,497
Noncurrent liabilities:	
Bonds and note payable - net of current portion	\$ 9,068,580
Compensated absences - net of current portion	12,346
Total noncurrent liabilities	\$ 9,080,926
Total liabilities	\$ 10,206,423
NET POSITION	
Net investment in capital assets	\$ 9,901,563
Unrestricted	289,772
Total net position	\$ 10,191,335
Total liabilities and net position	\$ 20,597,731

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

Statement of Revenues, Expenses and Changes in Net Position Proprietary Fund Year Ended June 30, 2014

	-	Enterprise Fund Water and Sewer Fund
Operating revenues:	_	_
Charges for water services	\$	219,268
Charges for sewer services		517,007
Miscellaneous	_	28,101
Total operating revenues	\$_	764,376
Operating expenses:		
Water:		
Personnel services	\$	60,821
Benefits		19,314
Contractual services		6,100
Other charges	_	48,960
Total water operating expenses	\$_	135,195
Sewer:		
Personnel services	\$	155,432
Benefits		48,235
Contractual services		97,908
Other charges		142,452
Total sewer operating expenses	\$_	444,027
Other operating expenses:		
Depreciation	\$	479,504
Total other operating expenses	s ⁻	479,504
3 · p · · ·	·-	
Total operating expenses	\$_	1,058,726
Operating income (loss)	\$_	(294,350)
Nonoperating revenues (expenses):		
Interest income	\$	22
Interest expense	_	(103,562)
Total nonoperating revenues (expenses)	\$_	(103,540)
Income (loss)	\$_	(397,890)
Change in net position	\$	(397,890)
Net position - beginning	_	10,589,225
Net position - ending	\$_	10,191,335

Statement of Cash Flows Proprietary Fund Year Ended June 30, 2014

	_	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities: Receipts from customers and users Payments to employees (including fringe benefits) Payments for operating activities	\$	819,015 (280,379) (298,525)
Net cash provided by (used for) operating activities	\$_	240,111
Cash flows from capital and related financing activities: Retirement of indebtedness Proceeds from debt issued Purchase of capital assets Interest paid on loans	\$	(416,896) 10,367 (76,070) (107,083)
Net cash provided by (used for) capital and related financing activities	\$_	(589,682)
Cash flows from noncapital financing activities: Transfers in	\$_	293,762
Net cash provided by (used for) noncapital financing activities	\$_	293,762
Cash flows from investing activities: Interest income	\$_	22_
Increase (decrease) in cash and cash equivalents	\$	(55,787)
Cash and cash equivalents at beginning of year	-	964,341
Cash and cash equivalents at end of year	\$_	908,554
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: Operating income (loss)	\$	(294,350)
Adjustments to reconcile operating income (loss) to net cash provided provided by (used for) operations: Depreciation		479,504
Changes in operating assets and liabilities: Decrease in accounts receivable (Increase) decrease in prepaid items Increase (decrease) in accounts payable Increase (decrease) in compensated absenses	-	54,639 267 (3,372) 3,423
Net cash provided by (used for) operating activities	\$_	240,111

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements June 30, 2014

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

<u>Financial Statement Presentation</u>

<u>Management's Discussion and Analysis</u>: GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the Town's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

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

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Financial Statement Presentation: (Continued)

Statement of Activities (Continued)

Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present Town of Onancock, Virginia.

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

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

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

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The government reports the following governmental funds:

a. General Fund

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

b. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The special revenue funds consist of the Housing Rehabilitation Fund and the Police Seizure Fund which are considered nonmajor funds.

2. Proprietary Funds

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

Enterprise Funds

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Budgets and Budgetary Accounting

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

- 1. Prior to May 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain citizen comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
- 4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Administrator is authorized to transfer budgeted amounts within departments.
- 5. Formal budgetary integration is employed as a management control device during the year for all funds.
- 6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. Appropriations lapse on June 30 for all Town funds unless they are carried forward by a resolution of Town Council.
- 8. All budgetary data presented in the accompanying financial statements reflect budget revisions as of June 30.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits.

State statutes authorize the Town government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the Local Government Investment Pool. Certificates of deposit are reported in the accompanying financial statements as cash and cash equivalents. The Town has no investments at June 30, 2014.

E. Prepaid Items

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

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

F. Receivables and Payables (Continued)

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The Town computes its allowance for uncollectible accounts using historical collection data. At June 30, 2014 the allowance for uncollectible general property taxes totaled \$36,905 and \$62,689 for water and sewer receivables.

G. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds of the Town and as assets in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was zero interest attributable to capitalized assets at June 30, 2014.

Property, plant and equipment purchased are stated at cost or estimated cost. Donated property is recorded at market value prevailing at date of donation. Depreciation is recorded on capital assets on a government-wide basis or in the Proprietary Fund using the straight-line method and the following estimated useful lives:

Assets	Years	
Buildings and Improvements	40	
Machinery and equipment	5 to 10	
Infrastructure	20 to 50	

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town does not have any deferred outflows of resources as of June 30, 2014.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item that qualifies for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing amounts received but unexpended at year end is unearned and recognized as an inflow of resources in the period that the amount becomes available. This amount consists of unavailable tax revenue in the amount of \$90,581 in the general fund at June 30, 2014.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Compensated Absences

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

J. Use of Estimates

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

K. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current services costs and amortization of prior service cost over a 30-year period. The Town's policy is to fund pension costs as they accrue.

L. Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities. Bonds payable are reported net of the applicable bond premium or discount.

M. Fund Equity

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

- Nonspendable fund balance amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund).
- Restricted fund balance amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority (Town Council); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Fund Equity (Continued)

- Assigned fund balance amounts a government intends to use for a specific purpose; intent can be
 expressed by the governing body or by an official or body to which the governing body delegates the
 authority.
- Unassigned fund balance amounts that are available for any purpose; positive amounts are only reported in the general fund.

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

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

N. Net Position

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

O. Net Position Flow Assumption

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

NOTE 2—PROPERTY TAXES RECEIVABLE:

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5th. The Town bills and collects its own property taxes.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 3—DEPOSITS:

Deposits:

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

NOTE 4—CAPITAL ASSETS:

The following is a summary of changes of governmental activities capital assets for the fiscal year ended June 30, 2014:

	J	Balance July 1, 2013		Increases	Decreases	Balance June 30, 2014
Governmental Activities:						
Capital assets not being depreciated:						
Land	\$	908,494	\$	-	\$ -	\$ 908,494
Construction in progress		161,953		74,112	 236,065	 -
Total capital assets not being depreciated	\$	1,070,447	\$.	74,112	\$ 236,065	\$ 908,494
Capital assets being depreciated:						
Buildings and improvements	\$	805,991	\$	229,235	\$ 48,268	\$ 986,958
Machinery and equipment		485,645		6,830	-	492,475
Infrastructure		1,401,760		-	 -	 1,401,760
Total capital assets being depreciated	\$	2,693,396	\$.	236,065	\$ 48,268	\$ 2,881,193
Accumulated depreciation:						
Buildings and improvements	\$	550,792	\$	11,297	\$ 27,754	\$ 534,335
Machinery and equipment		452,691		9,766	-	462,457
Infrastructure		810,602		35,044	 -	 845,646
Total accumulated depreciation	\$	1,814,085	\$.	56,107	\$ 27,754	\$ 1,842,438
Total capital assets being depreciated, net	\$	879,311	\$	179,958	\$ 20,514	\$ 1,038,755
Net capital assets	\$	1,949,758	\$	254,070	\$ 256,579	\$ 1,947,249

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes of business-type activities capital assets for the fiscal year ended June 30, 2014:

		Balance July 1, 2013		Increases	_	Decreases	 Balance June 30, 2014
Business-Type Activities:							
Capital assets not being depreciated:							
Construction in progress	\$_	200,000 \$	<u> </u>	76,070	٤.	-	\$ 276,070
Total capital assets not being depreciated	\$_	200,000 \$	<u> </u>	76,070	\$_	-	\$ 276,070
Capital assets being depreciated:							
Buildings and improvements	\$	5,284,540 \$	\$	-	\$	-	\$ 5,284,540
Machinery and equipment		1,995,802		-		-	1,995,802
Infrastructure	_	15,807,976		-		-	 15,807,976
Total capital assets being depreciated	\$_	23,088,318 \$	÷_	-	\$_	-	\$ 23,088,318
Accumulated depreciation:							
Buildings and improvements	\$	909,865 \$	5	135,962	\$	-	\$ 1,045,827
Machinery and equipment		1,843,320		23,027		-	1,866,347
Infrastructure	_	742,864		320,516		-	 1,063,380
Total accumulated depreciation	\$_	3,496,049 \$	÷_	479,505	\$_		\$ 3,975,554
Other capital assets, net	\$_	19,592,269 \$	<u> </u>	(479,505)	\$_	-	\$ 19,112,764
Net capital assets	\$_	19,792,269 \$; =	(403,435)	\$	-	\$ 19,388,834

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 5,649
Public safety	7,230
Public works	35,044
Recreation	8,184
Total governmental activities	\$ 56,107
Business-type activities:	
Water and sewer	\$ 479,505
Total business-type activities	\$ 479,505

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Town for the fiscal year ended June 30, 2014:

	_	Balance July 1, 2013		Issuances / Increases	 Retirements / Decreases	 Balance June 30, 2014	Amounts Due Within One Year
Governmental Activities							
Note payable	\$	15,163	\$	-	\$ 2,674	\$ 12,489	\$ 2,793
General obligation bond		207,859		-	18,708	189,151	19,480
Compensated absences		17,190		463	200	17,453	1,745
Total Governmental Activities	\$ <u>_</u>	240,212	\$_	463	\$ 21,582	\$ 219,093	\$ 24,018
Business-Type Activities							
General obligation bonds	\$	9,893,800	\$	-	\$ 414,310	\$ 9,479,490	\$ 416,008
Note payable		-		10,367	2,586	7,781	2,683
Compensated absences		10,295		5,422	1,999	13,718	1,372
Total Business-Type Activities	\$_	9,904,095	\$	15,789	\$ 418,895	\$ 9,500,989	\$ 420,063

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 5-LONG-TERM OBLIGATIONS: (CONTINUED)

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

			Governmenta	al Activities			Business-Type Activities					
Year Ending		Note Pa	yable	Ge Obliga	ner tior			Genera Obligation			Note P	ayable
June 30,		Principal	Interest	Principal		Interest	_	Principal	Interest		Principal	Interest
2015	\$	2,793 \$	491 \$	19,480	\$	7,302	\$	416,008 \$	105,068	\$	2,683 \$	221
2016		2,918	366	20,283		6,498		417,761	103,315		2,775	129
2017		3,048	236	21,120		5,661		419,572	101,504		2,323	35
2018		3,184	100	21,992		4,790		421,443	99,632		_	-
2019		546	4	22,899		3,882		423,376	97,700		-	-
2020		-	-	23,844		2,937		425,373	95,702		_	-
2021		-	-	24,828		1,954		427,437	93,639		_	-
2022		-	-	25,853		929		384,569	91,507		_	-
2023		-	-	8,852		74		386,772	89,304		_	-
2024		-	-	-		-		389,048	87,028		_	-
2025		-	-	-		-		391,400	84,676		_	-
2026		-	-	-		-		393,831	82,245		-	-
2027		-	-	-		-		396,342	79,733		-	-
2028		-	-	-		-		398,939	77,137		-	-
2029		-	-	-		-		401,622	74,454		-	-
2030		-	-	-		-		404,396	71,680		-	-
2031		-	-	-		-		191,143	68,814		_	-
2032		-	-	-		-		194,106	65,850		_	-
2033		-	-	-		-		197,170	62,787		_	-
2034		-	-	-		-		200,336	59,620		_	-
2035		-	-	-		-		203,610	56,347		_	-
2036		-	-	-		-		206,995	52,962		_	-
2037		-	-	-		-		210,495	49,462		_	-
2038		-	-	-		-		208,000	45,844		_	-
2039		-	-	-		-		118,218	42,102		-	-
2040		-	-	-		-		122,087	38,233		-	-
2041		-	-	-		-		126,088	34,232		-	-
2042		-	-	-		-		130,226	30,094		-	-
2043		-	-	-		-		134,505	25,815		-	-
2044		-	-	-		-		138,931	21,389		-	-
2045		-	-	-		-		143,508	16,812		-	-
2046		-	-	-		-		148,243	12,077		-	-
2047		-	-	-		-		137,319	7,187		-	-
2048		-	-	-		-		98,280	3,685		-	-
2049	_		<u> </u>	-	_	-	_	72,341	976			-
Total	\$	12,489 \$	1,197 \$	189,151	\$	34,027	\$	9,479,490 \$	2,128,612	\$	7,781 \$	385

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations at June 30, 2014 are as follows:

Governmental Activities Obligations:		
Note Payable: Note payable, USDA Rural Development, payable in 120 monthly installments of \$274 through August 2018, interest at 4.375%	\$	12,489
General Obligation Bond: Bond with BB&T for an original amount of \$893,000 issued November 18, 2007, payable in monthly installments of \$2,232 through October 2022, interest at 4.050%		189,151
Compensated Absences		17,453
Total Governmental Obligations	\$	219,093
Business-Type Activities Obligations:		
Note Payable: Note payable, USDA Rural Development, payable in 45 monthly installments of \$242 through March 2017, interest at 3.375%	\$	7,781
General Obligation Bonds: \$900,000 Virginia Resources Authority General Obligation Bond issued on December 15, 2000, payable in semi-annual installments of \$22,500 through April 2021, interest at 0.00%	\$	315,000
\$1,070,000 USDA Rural Development General Obligation Bond issued February 1, 2007, payable in quarterly installments of \$13,975 through February 2047, interest at 4.125%		1,001,443
\$47,000 USDA Rural Development General Obligation Water Bond issued dated April 25, 2006, payable in quarterly installments of \$614 through October 2046, interest at 4.125%		43,985
\$2,989,099 Virginia Resources Authority General Obligation Bond issued September 1, 2008, payable in semi-annual installments of \$49,818 through March 2038, interest at 0.00%		2,385,166
\$5,032,725 Virginia Resources Authority General Obligation Bond issued September 1, 2009 payable in semi-annual installments of \$125,818 through March 2030, interest at 0.00%		3,457,910
\$2,398,000 USDA Rural Development General Obligation Bonds, issued March 27, 2009, payable in quarterly installments of \$25,491 beginning June 27, 2011 through March 2049, interest at 2.75%	_	2,275,986
Total General Obligation Bonds	\$	9,479,490
Compensated Absences		13,718
Total Business-Type Activities Obligations	\$	9,500,989

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 6-UNEARNED/UNAVAILABLE REVENUE:

Unearned/unavailable revenue represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unavailable/unearned revenue is comprised of the following:

<u>Unavailable Property Tax Revenue</u> - Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$90,581 at June 30, 2014.

<u>Unearned Revenue Proprietary Funds</u> - The Town has received funds from the state and federal government to aid in funding for the wastewater treatment plant. These amounts total \$199,973 at June 30, 2014.

NOTE 7-DUE TO / FROM OTHER FUNDS:

Interfund receivables and payables at year end are as follows:

Fund		Receivable	 Payable		
Police Seizure Water and Sewer	\$	528	\$ 1 233,112		
Rehabilitation		92,989	31		
General		139,627	-		
Total	\$_	233,144	\$ 233,144		

NOTE 8-PENSION PLAN:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent Multiple-Employer Pension Plan
Administering Entity: Virginia Retirement System (System)

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

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 1

- Plan Overview VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 2. Eligible Members Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.
- 3. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

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

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

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

- 4. Retirement Contributions -Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.
- 5. Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.
- 6. Vesting -Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 1 (CONTINUED)

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

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

- **8.** Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.
- 9. Service Retirement Multiplier -The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.
- 10. Normal Retirement Age Age 65.
- 11. Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.
 - Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.
- 12. Earliest Reduced Retirement Eligibility Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement -The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.
- 14. Eligibility For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 1 (CONTINUED)

- 15. Exceptions to COLA Effective Dates- The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:
 - The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
 - The member retires on disability.
 - The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
 - The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
 - The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.
- 16. Disability Coverage-Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.

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

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

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

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 2

- 1. Plan Overview- VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- 2. Eligible Members-Employees are in VRS Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.
- Hybrid Opt-In Election- VRS Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

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

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

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

- 4. Retirement Contributions-Same as VRS Plan 1-Refer to Section 4.
- 5. Creditable Service -Same as VRS Plan 1-Refer to Section 5.
- 6. Vesting -Same as VRS Plan 1-Refer to Section 6.
- 7. Calculating the Benefit-Same as VRS Plan 1-Refer to Section 7.
- 8. Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.
- Service Retirement Multiplier Same as 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.
- 10. Normal Retirement Age Normal Social Security retirement age.
- 11. Earliest Unreduced Retirement Eligibility Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

VRS - PLAN 2 (CONTINUED)

- **12. Earliest Reduced Retirement Eligibility -** Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.
- 13. Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.
- 14. Eligibility -Same as VRS Plan 1-Refer to Section 14.
- 15. Exceptions to COLA Effective Dates -Same as VRS Plan 1-Refer to Section 15.
- 16. Disability Coverage-Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.

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

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

17. Purchase of Prior Service -Same as VRS Plan 1-Refer to Section 17.

HYBRID RETIREMENT PLAN

- 1. Plan Overview The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members")
 - The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.
 - The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
 - In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

- 2. Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:
 - State employees*
 - School division employees
 - Political subdivision employees*
 - Judges appointed or elected to an original term on or after January 1, 2014
 - Members in VRS Plan 1 or VRS Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014
- 3. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:
 - Members of the State Police Officers' Retirement System (SPORS)
 - Members of the Virginia Law Officers' Retirement System (VaLORS)
 - Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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

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

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

5. Creditable Service

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

<u>Defined Contribution Component</u> - Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

6. Vesting

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

<u>Defined Contribution Component</u> - Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

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

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.

7. Calculating the Benefit

Defined Benefit Component-Same as VRS Plan 1-Refer to Section 7.

<u>Defined Contribution Component</u> - The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

- **8.** Average Final Compensation-Same as VRS Plan 2–Refer to Section 8.It is used in the retirement formula for the defined benefit component of the plan.
- 9. Service Retirement Multiplier The retirement multiplier is 1.0%.

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

10. Normal Retirement Age

Defined Benefit Component-Same as VRS Plan 2-Refer to Section 10.

<u>Defined Contribution Component</u> - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

11. Earliest Unreduced Retirement Eligibility

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

<u>Defined Contribution Component</u> - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

12. Earliest Reduced Retirement Eligibility

<u>Defined Benefit Component</u> - Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

<u>Defined Contribution Component</u> - Members are eligible to receive distributions upon leaving employment, subject to restrictions.

13. Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component-Same as VRS Plan 2-Refer to Section 13.

<u>Defined Contribution Component</u>-Not Applicable.

- 14. Eligibility -Same as VRS Plan 1 and VRS Plan 2-Refer to Section 14.
- 15. Exceptions to COLA Effective Dates-Same as VRS Plan 1 and VRS Plan 2-Refer to Section 15.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

A. Plan Description (Continued)

HYBRID RETIREMENT PLAN (CONTINUED)

16. Disability Coverage -Eligible political subdivision and school division members (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

State employees (including VRS Plan 1 and VRS Plan2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

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

17. Purchase of Prior Service

Defined Benefit Component -Same as VRS Plan 1 and VRS Plan 2-Refer to Section 17.

Defined Contribution Component-Not Applicable.

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

B. Funding Policy

Plan members are required by Title 51.1 of the <u>Code of Virginia</u> (1950), as amended, to contribute 5.00% of their compensation toward their retirement. All or part of the 5.00% member contribution may be assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the Town is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the <u>Code of Virginia</u> and approved by the VRS Board of Trustees. The contribution rate for the fiscal year ended 2014 was 5.61% of annual covered payroll.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 8-PENSION PLAN: (CONTINUED)

C. Annual Pension Cost

For fiscal year 2014, the Town's annual pension cost of \$32,661 was equal to the Town's required and actual contributions.

Three Year Trend Information

	Annual	Percentage	Net	
	Pension Cost	of APC	Pension	
Fiscal Year Ending	(APC) (1)	Contributed	Obligation	
June 30, 2014	\$ 32,661	100%	\$ -	
June 30, 2013	32,783	100%	-	
June 30, 2012	48,292	100%	-	

(1) Employer portion only

The FY 2014 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the Town's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The Town's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 30 years

D. Funding Status and Progress

As of June 30, 2013, the most recent actuarial valuation date, the Town's plan was 107.04% funded. The actuarial accrued liability for benefits was \$1,154,473, and the actuarial value of assets was \$1,235,769, resulting in an actuarial accrued asset of (\$81,296). The covered payroll (annual payroll of active employees covered by the plan) was \$572,606 and ratio of the actuarial accrued asset to the covered payroll was \$14.20%).

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability (AAL) for benefits.

Notes to Financial Statements June 30, 2014 (Continued)

NOTE 9-CONTINGENT LIABILITIES:

The Town participates in a number of federally assisted grant programs. Although the Town has been audited in accordance with the provisions of OMB Circular A-133 in previous year, these programs remain subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, would be immaterial.

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

NOTE 10-SURETY BONDS:

The Town maintains surety bond coverage with Selective Insurance Company in the amount of \$300,000 for all Town employees.

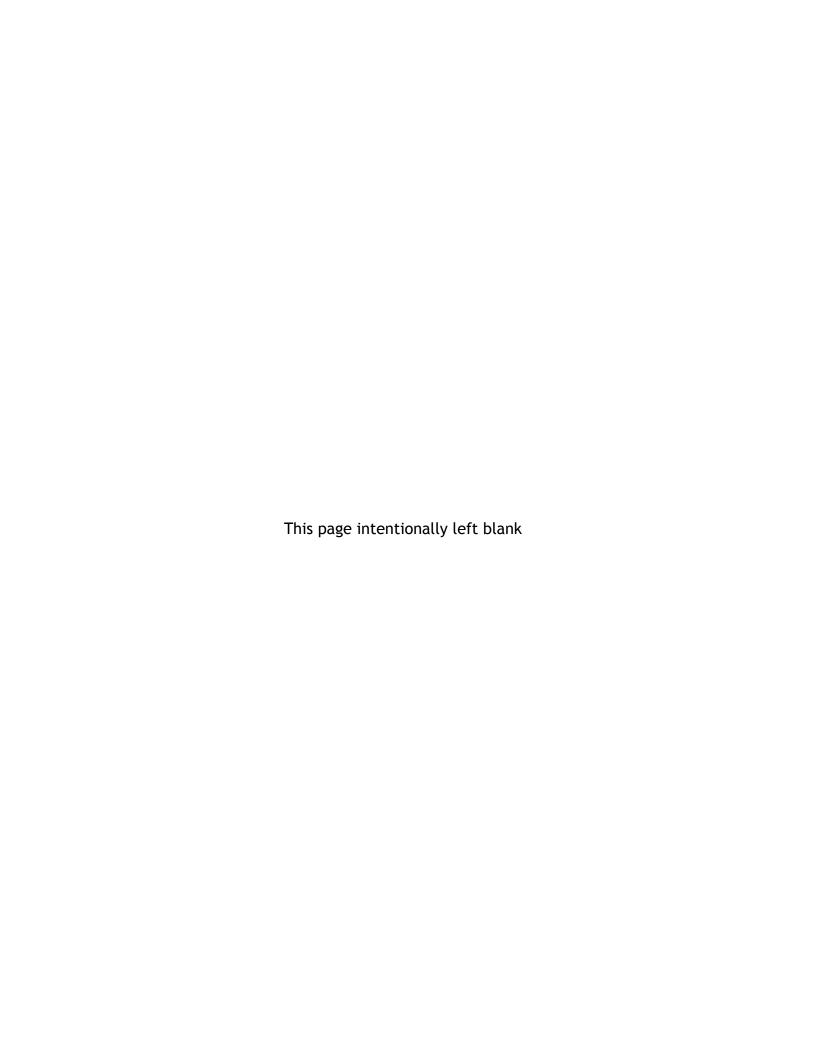
NOTE 11—RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12-UPCOMING PRONOUNCEMENTS:

The GASB has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27." This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. The Town has not determined the impact of this pronouncement on its financial statements.



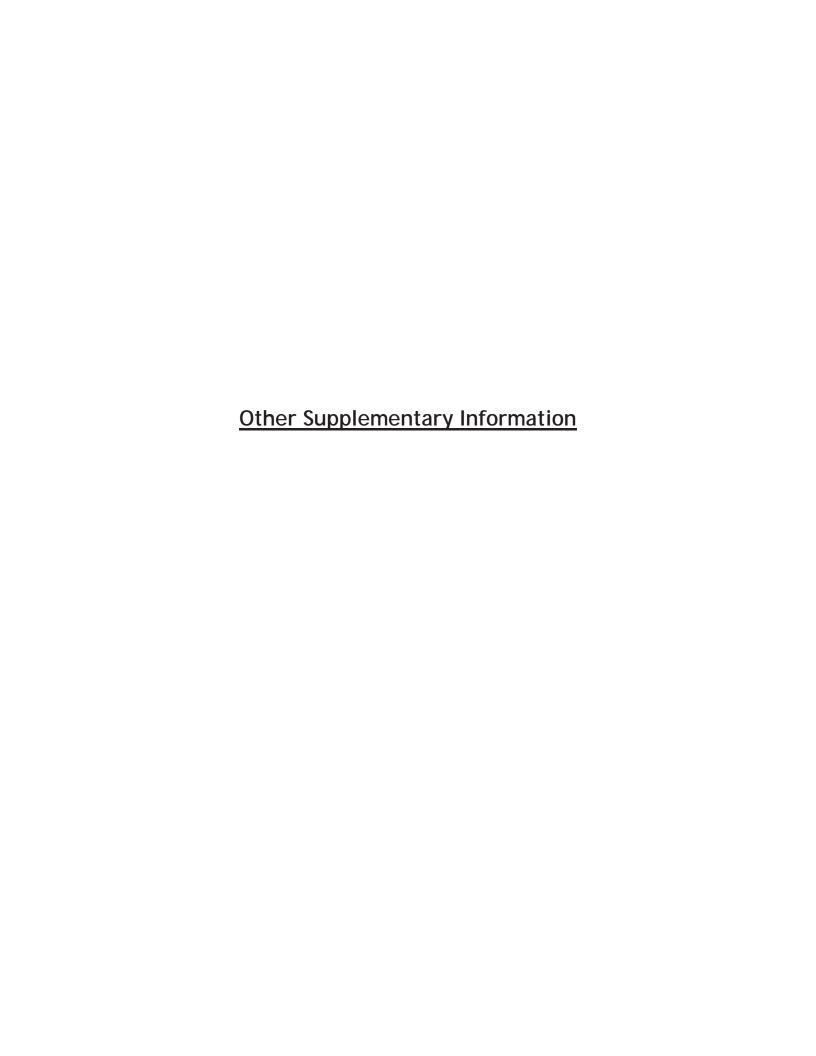


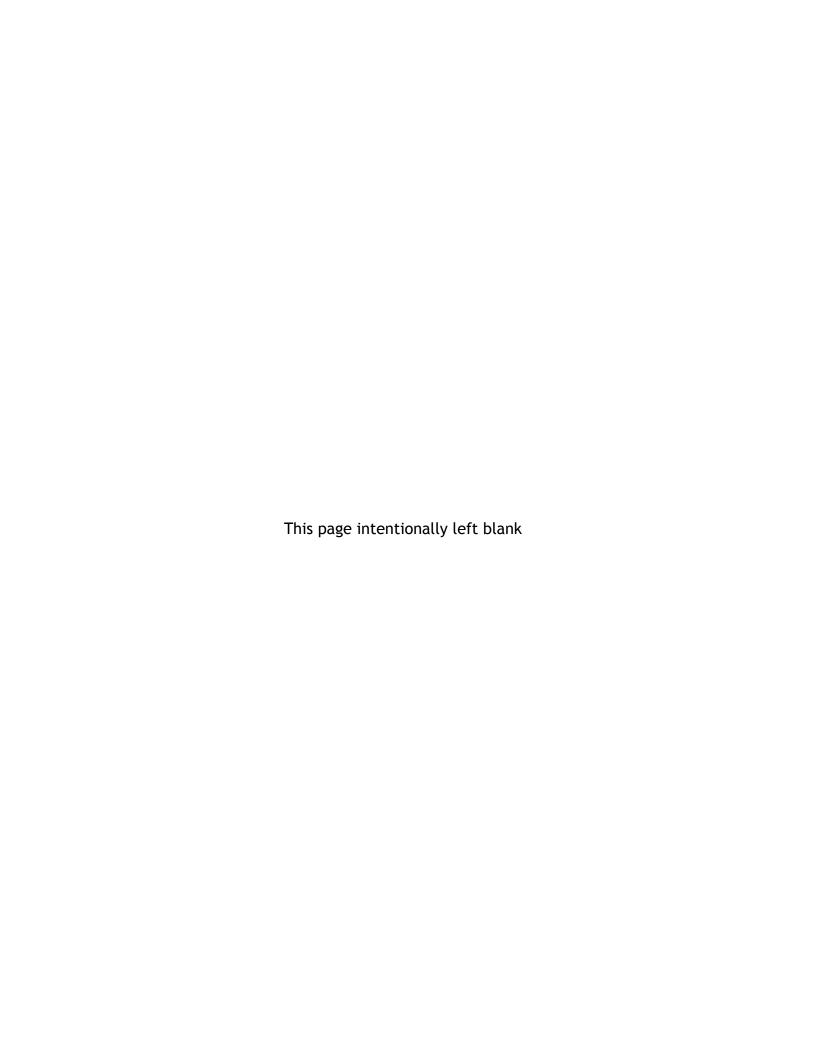
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund Year Ended June 30, 2014

				Gene	ral	Fund	
	_	Original Budget		Budget As Amended		Actual	Variance From Amended Budget Positive (Negative)
Revenues: General property taxes	\$	495,240	Ś	495,240	Ś	436,142 \$	(59,098)
Other local taxes	,	354,300	•	354,300	•	363,988	9,688
Fines and forfeitures		10,000		10,000		18,410	8,410
Revenue from use of money and property		35,000		35,000		29,771	(5,229)
Charges for services		121,050		121,050		88,313	(32,737)
Miscellaneous		130,000		130,000		38,627	(91,373)
Intergovernmental:							
Commonwealth		45,850		45,850		195,220	149,370
Federal	_	-		-	_	8,145	8,145
Total revenues	\$	1,191,440	\$	1,191,440	\$	1,178,616 \$	(12,824)
Expenditures:	· -						
Current:							
General government administration	\$	313,811	\$	339,365	\$	346,266 \$	(6,901)
Public safety		335,887		340,007		343,672	(3,665)
Public works		295,416		290,213		269,500	20,713
Parks, recreation and cultural		125,068		134,371		190,625	(56,254)
Nondepartmental Debt service:		15,364		10,364		11,866	(1,502)
Principal retirement		26,782		26,782		21,382	5,400
Interest and other fiscal charges	_	-	_	-		6,456	(6,456)
Total expenditures	\$_	1,112,328	\$_	1,141,102	\$_	1,189,767 \$	(48,665)
Excess (deficiency) of revenues							
over (under) expenditures	\$_	79,112	\$_	50,338	\$_	(11,151) \$	(61,489)
Changes in fund balance	\$	79,112	\$	50,338	\$	(11,151) \$	(61,489)
Fund balance at beginning of year	_	-		-	_	241,666	241,666
Fund balance at end of year	\$_	79,112	\$_	50,338	\$_	230,515 \$	180,177

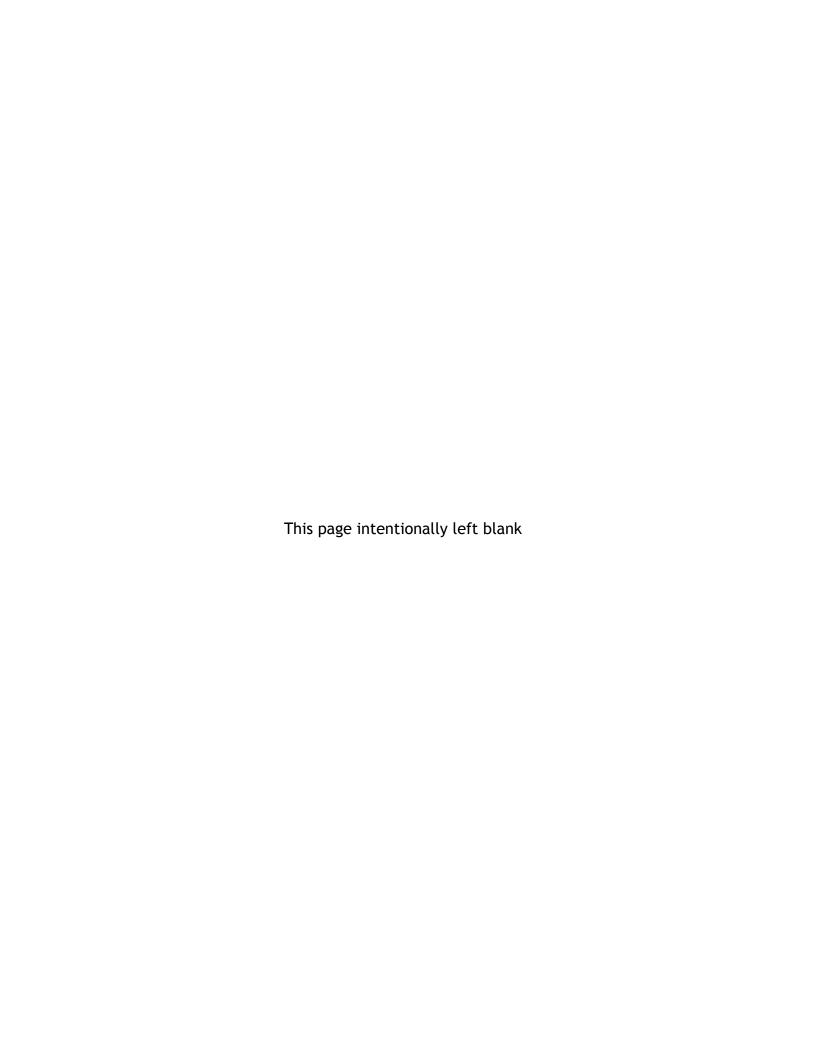
Schedule of Pension Funding Progress Last Three Fiscal Years

				Funded		UAAL
	Actuarial	Actuarial		Ratio		as a % of
Actuarial	Value of	Accrued	Unfunded	Assets as		Covered
Valuation	Assets	Liability	AAL (UAAL)	% of AAL	Covered	Payroll
Date	(AVA)	(AAL)	(3) - (2)	(2) / (3)	Payroll	(4) / (6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
6/30/2013 \$	1,235,769 \$	1,154,473 \$	(81,296)	107.04% \$	572,606	(14.20%)
6/30/2012	1,145,143	1,077,986	(67,157)	106.23%	575,031	(11.68%)
6/30/2011	1,098,234	961,514	(136,720)	114.22%	413,085	(33.10%)







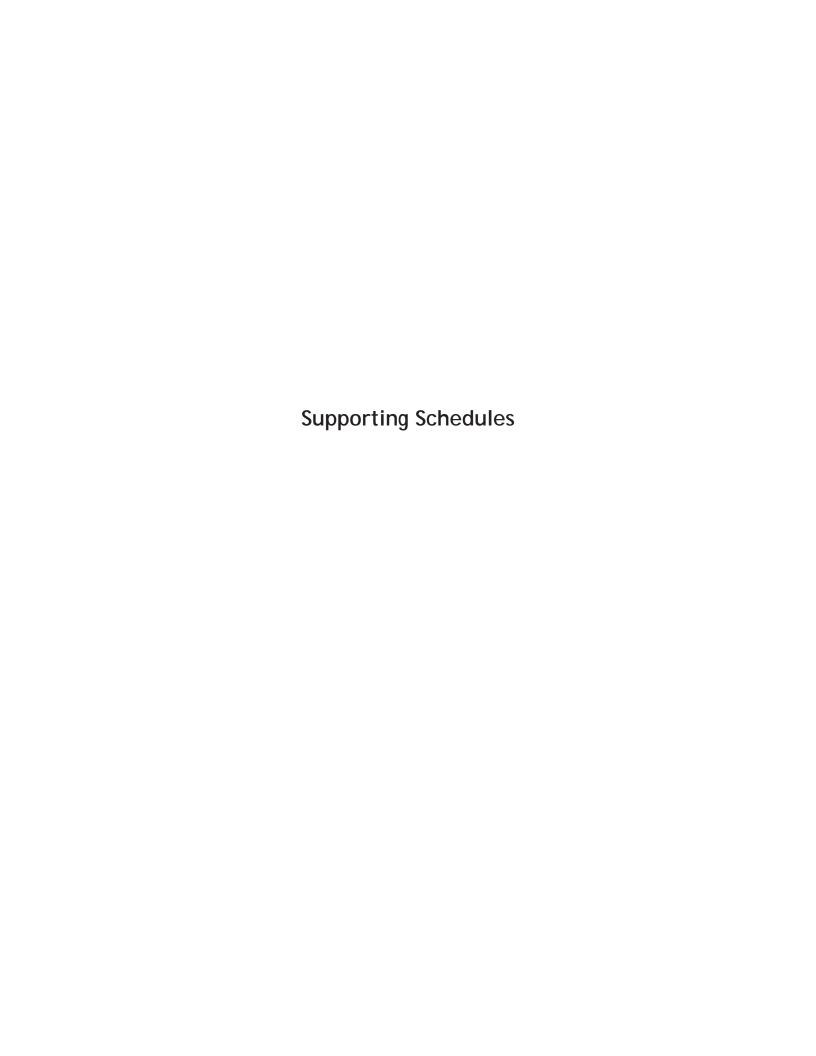


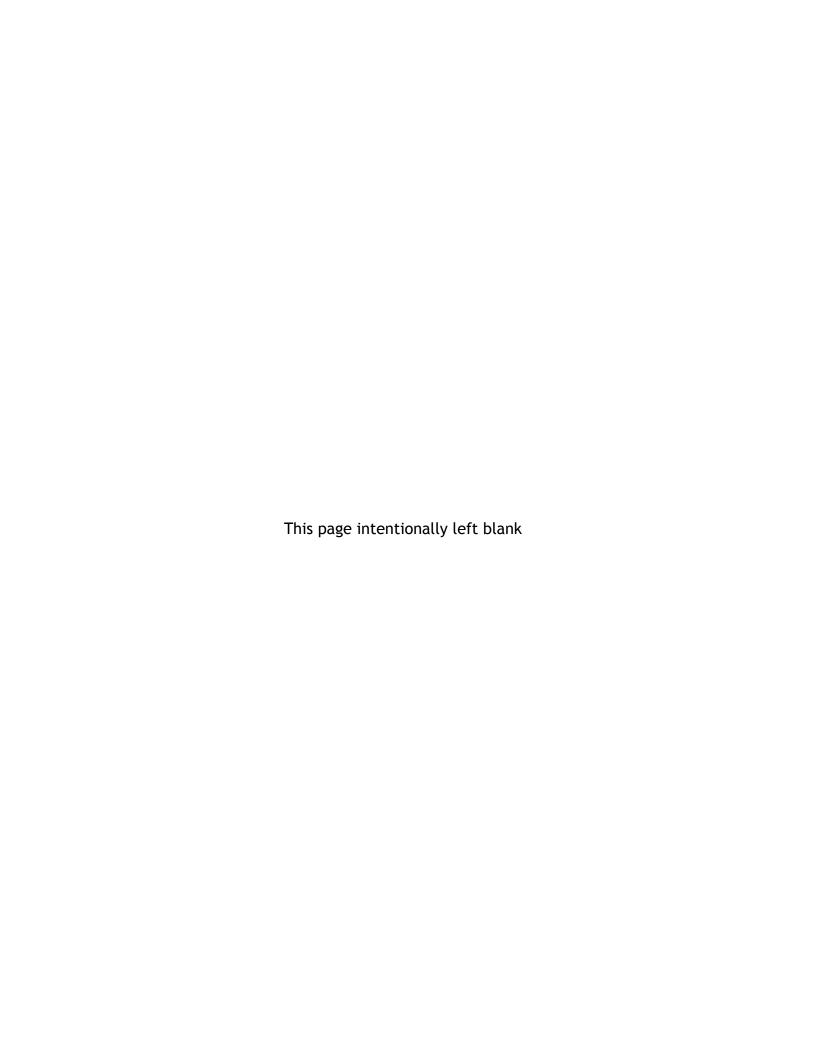
Combining Balance Sheet Nonmajor Governmental Funds June 30, 2014

		Housing Rehabilitation Fund		Police Seizure Fund		Total Nonmajor Governmental Funds
ASSETS	_					
	\$	E2 747	ċ	3,581	ċ	E4 240
Cash and cash equivalents	Ş	52,767	Þ	•	Þ	56,348
Due from other funds	-	92,989		528		93,517
Total assets	\$_	145,756	\$	4,109	\$	149,865
LIABILITIES Due to other funds	\$	31	\$	1	\$	32
Total liabilities	\$	31	\$	1	\$	32
FUND BALANCES Restricted:	-	445 =05				
Housing rehabilitation	\$	145,725	\$		\$	145,725
Police seizure	_	-		4,108		4,108
Total fund balances	\$_	145,725	\$	4,108	\$	149,833
Total liabilities and fund balances	\$	145,756	\$	4,109	\$	149,865

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2014

	Re	Housing habilitation Fund		Police Seizure Fund	 Total Nonmajor Governmental Funds
REVENUES					
Revenue from the use of money	\$	-	\$_	-	\$ -
Total revenues	\$	-	\$_	-	\$ -
Net change in fund balances	\$	-	\$	-	\$ -
Fund balances - beginning		145,725		4,108	 149,833
Fund balances - ending	\$	145,725	\$	4,108	\$ 149,833





General Fund Schedule of Revenues - Budget and Actual Year Ended June 30, 2014

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended		Actual		Variance From Amended Budget Positive (Negative)
General Fund								
Revenue from local sources:								
General property taxes:								
Real property taxes	\$	315,940	Ś	315,940	Ś	301,443	Ś	(14,497)
Public service corporation taxes	Ψ.	17,300	7	17,300	Ψ.	16,117	~	(1,183)
Personal property taxes		152,000		152,000		102,602		(49,398)
Penalties and interest		10,000		10,000		15,980		5,980
	_						_	
Total general property taxes	\$_	495,240	\$_	495,240	\$_	436,142	\$_	(59,098)
Other local taxes:								
Local sales and use taxes	\$	82,000	\$	82,000	\$	64,037	\$	(17,963)
Consumers' utility taxes		135,000	·	135,000	·	142,555	·	7,555
Business license taxes		32,000		32,000		31,058		(942)
Motor vehicle licenses		18,500		18,500		12,485		(6,015)
Bank franchise tax		14,300		14,300		22,306		8,006
Transient occupancy tax		10,000		10,000		7,762		(2,238)
Meals taxes	_	62,500		62,500	_	83,785	_	21,285
Total other local taxes	\$_	354,300	\$_	354,300	\$_	363,988	\$_	9,688
Fines and Forfeitures:								
Court fines and forfeitures	\$_	10,000	\$_	10,000	\$_	18,410	\$_	8,410
Revenue from use of money and property:								
Revenue from use of money	\$	2,200	s	2,200	ς	506	Ś	(1,694)
Revenue from use of property	Ý	32,800	7	32,800	7	29,265	Ÿ	(3,535)
, , ,	<u> </u>	·			· –			<u> </u>
Total revenue from use of money and property	\$_	35,000	- > -	35,000	- ۶_	29,771	٠ > _	(5,229)
Charges for services:								
Boat dockage and ramp fees	\$	57,800	\$	57,800	\$	30,603	\$	(27, 197)
Wharf - fuel sales		30,000		30,000		27,096		(2,904)
Wharf - general		1,150		1,150		259		(891)
Wharf - electric		7,500		7,500		3,782		(3,718)
Trash collections		24,000		24,000		26,503		2,503
Building and zoning permits		300		300		-		(300)
Harborfest		-		-		70		70
Grass cutting	_	300		300		-	-	(300)
Total charges for services	\$_	121,050	\$_	121,050	\$_	88,313	\$_	(32,737)

General Fund Schedule of Revenues - Budget and Actual Year Ended June 30, 2014 (Continued)

Fund, Major and Minor Revenue Source		Original Budget		Budget As Amended	_	Actual		Variance From Amended Budget Positive (Negative)
General Fund: (Continued)								
Revenue from local sources: (Continued)								
Miscellaneous revenue:								
Miscellaneous	\$_	130,000	\$_	130,000	\$_	38,627	\$_	(91,373)
Total revenue from local sources	\$_	1,145,590	\$_	1,145,590	\$_	975,251	\$_	(170,339)
Intergovernmental: Revenue from the Commonwealth: Noncategorical aid:								
PPTRA	\$_	-	\$_	-	\$_	68,265	\$_	68,265
Total noncategorical aid	\$_	-	\$_	-	\$_	68,265	\$_	68,265
Categorical aid:								
State fire grant	\$	8,000	\$	8,000	\$	9,800	\$	1,800
Police aid		35,550		35,550		54,367		18,817
Litter control grant		800		800		1,060		260
Virginia port authority		-		-		50,410		50,410
VAVLF grant		-		-		9,818		9,818
Virginia commission of the arts	_	1,500		1,500		1,500	_	
Total categorical aid	\$_	45,850	\$_	45,850	\$_	126,955	\$_	81,105
Total revenue from the Commonwealth	\$_	45,850	\$_	45,850	\$_	195,220	\$_	149,370
Revenue from the Federal Government: Categorical aid:								
FEMA grant	\$_	-	\$_	-	\$_	8,145	\$_	8,145
Total categorical aid	\$_	-	\$_	-	\$_	8,145	\$_	8,145
Total revenue from the federal government	\$_	-	\$_	-	\$_	8,145	\$_	8,145
Total General Fund	\$_	1,191,440	\$_	1,191,440	\$_	1,178,616	\$_	(12,824)

General Fund Schedule of Expenditures -- Budget and Actual Year Ended June 30, 2014

Community promotion 13,300 12,158 9,158 3,00 Town beautification 1,500 562 562 702 Total legislative \$ 33,587 \$ 29,928 \$ 26,902 \$ 3,02 General and financial administration: Salaries \$ 122,288 \$ 110,518 \$ 113,291 \$ (2,77 Overtime 2,292 2,292 890 1,44 Payrolt taxes 9,355 8,127 8,127 Hospitalization 12,864 18,209 18,839 (63 Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 1,079 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 53,255 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730	Fund, Function, Activity and Elements		Original Budget		Budget As Amended		Actual		Variance with Final Budget - Positive (Negative)
Legislative:	General Fund:								
Legislative:									
Mayor and council \$ 14,200 \$ 14,449 \$ 14,449 \$ 1,088 Payrolt taxes 1,087 1,088 1,088 2 Community promotion 13,300 12,158 9,158 3,00 Town beautification 1,500 562 562 562 Total legislative \$ 33,587 \$ 29,928 \$ 26,902 \$ 3,02 General and financial administration: Salaries \$ 122,288 \$ 110,518 \$ 113,291 \$ (2,77) Overtime 2,292 2,292 2,800 1,46 Payroll taxes 9,355 8,127 8,127 8,127 Payroll taxes 9,355 8,127 8,127 4,127 Payroll taxes 9,355 8,127 8,127 4,127 Payroll taxes 9,355 8,127 8,127 4,127 Payroll taxes 9,355 8,127 8,127 4,127 4,128 4,129 1,148 1,148 1,148 1,148 1,148 1,148 1,148 1,148 1,148									
Payroll taxes	<u> </u>	\$	14,200 \$	5	14,449	\$	14,449	\$	-
Travel 1,000 26 - 2 Community promotion 13,300 12,158 9,158 3,00 Town beautification 1,500 562 562 Tourism transient occupancy transfer 2,500 1,645 1,645 Total legislative \$ 33,587 \$ 29,928 \$ 26,902 \$ 3,02 General and financial administration: Salaries \$ 112,288 \$ 110,518 \$ 113,291 \$ (2,77 Overtime 2,292 2,292 890 1,46 Payroll taxes 9,355 8,127 8,127 8,127 Hospitalization 12,864 18,209 18,839 (63 Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 10,799 1,079 Auditing 1,700 16,855 16,855 Office equipment maintenance 18,000 3,65		•	•		•	·			-
Community promotion 13,300 12,158 9,158 3,00 Town beautification 1,500 562 562 762 Total legislative \$ 33,587 \$ 29,928 \$ 26,902 \$ 3,02 General and financial administration: \$ 122,288 \$ 110,518 \$ 113,291 \$ (2,77 Overtime 2,292 2,292 890 1,44 Payroll taxes 9,335 8,127 8,127 Hospitalization 12,864 18,209 18,839 (63 Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 1,079 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 <	•				•		-		26
Town beautification 1,500 562 562 Tourism transient occupancy transfer 2,500 1,645 1,645 Total legislative \$ 33,587 \$ 29,928 \$ 26,902 \$ 3,02 General and financial administration: \$ 122,288 \$ 110,518 \$ 113,291 \$ (2,77 Overtime 2,292 2,292 890 1,46 Payroll taxes 9,355 8,127 8,127 18,127 Hospitalization 12,864 18,209 18,839 (63 Retirement 11,752 6,643 6,553 (51 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 1,079 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 3,325 5,316 Printing auto decals 650 2255 255 Advertising 4,000 3,658 2,730 92 <td>Community promotion</td> <td></td> <td></td> <td></td> <td>12,158</td> <td></td> <td>9,158</td> <td></td> <td>3,000</td>	Community promotion				12,158		9,158		3,000
Tourism transient occupancy transfer 2,500 1,645 1,645 Total legislative \$ 33,587 \$ 29,928 \$ 26,902 \$ 3,02 General and financial administration: \$ 122,288 \$ 110,518 \$ 113,291 \$ (2,77) Overtime 2,292 2,292 2,890 1,40 Payroll taxes 9,355 8,127 8,127 Hospitalization 12,864 18,209 18,839 (60 Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 1,079 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 1,976 <							•		, -
Salaries \$ 122,288 \$ 110,518 \$ 113,291 \$ (2,77	Tourism transient occupancy transfer				1,645		1,645		-
Salaries \$ 122,288 \$ 110,518 \$ 113,291 \$ (2,77) Overtime 2,292 2,292 890 1,44 Payroll taxes 9,355 8,127 8,127 Hospitalization 12,864 18,209 18,839 (63 Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 1,079 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 Travel 1,000 972 972 Duse and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218	Total legislative	\$	33,587 \$, }	29,928	\$	26,902	\$	3,026
Salaries \$ 122,288 \$ 110,518 \$ 113,291 \$ (2,77) Overtime 2,292 2,292 890 1,44 Payroll taxes 9,355 8,127 8,127 Hospitalization 12,864 18,209 18,839 (63 Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 1,079 Auditing 17,000 1,079 1,079 1,079 Auditing 17,000 16,855 16,855 16,855 Office equipment maintenance 18,000 53,325 53,316 255 Printing auto decals 650 255 255 255 4dvertising 4,000 3,658 2,730 92 92 90 92 92 90 1,976 1,976 1,976 1,976 1,976 1,976 1,976 1,976 1,976 1,976 1,976 1,976 <t< td=""><td>General and financial administration:</td><td>-</td><td></td><td></td><td></td><td></td><td></td><td>-</td><td></td></t<>	General and financial administration:	-						-	
Overtime 2,292 2,292 890 1,40 Payroll taxes 9,355 8,127 8,127 8,127 Hospitalization 12,864 18,209 18,839 (63 Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 1,079 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 1 Telephone 3,900 3,887 3,899 (1 Tavel 1,000 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 <td< td=""><td></td><td>\$</td><td>122 288 \$</td><td></td><td>110 518</td><td>ς</td><td>113 291</td><td>ς</td><td>(2,773)</td></td<>		\$	122 288 \$		110 518	ς	113 291	ς	(2,773)
Payroll taxes 9,355 8,127 8,127 Hospitalization 12,864 18,209 18,839 (63 Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 10,799 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 1,976 Travel 1,000 972 972 972 Dus and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (56 Historic Onancock School - - 7,953 (7,95 Miscellaneous 2,500 2,1		7	•			7		7	1,402
Hospitalization 12,864 18,209 18,839 63 Retirement 11,752 6,643 6,553 5 5 5 5 5 5 5 5 5			·						- 1, 102
Retirement 11,752 6,643 6,553 5 Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 1,079 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 1 Telephone 3,900 3,887 3,899 (1 Travel 1,000 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (65 Expenditures from Pepsi machine revenue							•		(630)
Life insurance 1,614 518 1,034 (51 State unemployment 1,109 2,450 2,450 Training 1,000 1,079 1,079 Auditing 17,000 16,855 16,855 Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 1 Telephone 3,900 3,887 3,899 (1 Travel 1,000 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (66 Expenditures from Pepsi machine revenue - - - 5,976 (5,07 Bank charges <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>90</td></t<>									90
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Training Auditing 1,000 1,079 1,079 Auditing Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 Telephone 3,900 3,887 3,899 (1 Travel 1,000 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (5 Historic Onancock School - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (66 Expenditures from Pepsi machine revenue - - 5,076 (5,07 Bank charges 4,000 5,681 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - 3,031 (3,03 Court fees									(310)
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Office equipment maintenance 18,000 53,325 53,316 Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 1,976 Telephone 3,900 3,887 3,899 (1 Travel 1,000 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (69 Expenditures from Pepsi machine revenue - - 5,976 (5,07 Bank charges 4,000 5,681 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - - 3,031 (3,03 Court fees 500 284 284 <									_
Printing auto decals 650 255 255 Advertising 4,000 3,658 2,730 92 Postage 2,000 1,976 1,976 Telephone 3,900 3,887 3,899 (1 Travel 1,000 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (66 Expenditures from Pepsi machine revenue - - 5,076 (5,07 Bank charges 4,000 5,681 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - 3,031 (3,03 Court fees 500 284 284 Consultants 5,000 3,728 3,727 Property insurance 13,5	-								9
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Postage 2,000 1,976 1,976 Telephone 3,900 3,887 3,899 (1 Travel 1,000 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (69 Expenditures from Pepsi machine revenue - - 5,976 (5,07 Bank charges 4,000 5,681 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - 3,031 (3,03 Court fees 500 284 284 Consultants 5,000 3,728 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Sur									928
Telephone 3,900 3,887 3,899 (1 Travel 1,000 972 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (66 Expenditures from Pepsi machine revenue - - 5,976 (5,07 Bank charges 4,000 5,681 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - - 3,031 (3,03 Court fees 500 284 284 284 200 284 284 200 22,230 22,476 (24 24 24 24 24 24 24 24 24 24 24 24 24 24 24 24 24 24 24	_		·						720
Travel 1,000 972 972 Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (69 Expenditures from Pepsi machine revenue - - 599 (55 Parades - - 5,076 (5,07 Bank charges 4,000 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - - 3,031 (3,03 Court fees 500 284 284 284 Consultants 5,000 3,728 3,727 7 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 <t< td=""><td>_</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>(12)</td></t<>	_								(12)
Dues and memberships 1,200 1,188 1,188 Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (66 Expenditures from Pepsi machine revenue - - 599 (59 Parades - - 5,076 (5,07 Bank charges 4,000 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - 3,031 (3,03 Court fees 500 284 284 Consultants 5,000 3,728 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - - Ge	-						•		(12)
Office supplies 5,000 8,713 9,218 (50 Historic Onancock School - - 7,953 (7,95 Miscellaneous 2,500 2,119 2,809 (69 Expenditures from Pepsi machine revenue - - 599 (59 Parades - - 5,076 (5,07 Bank charges 4,000 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - 3,031 (3,03 Court fees 500 284 284 Consultants 5,000 3,728 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Work									_
Historic Onancock School - - 7,953 (7,958) Miscellaneous 2,500 2,119 2,809 (69) Expenditures from Pepsi machine revenue - - 599 (59) Parades - - 5,076 (5,076) Bank charges 4,000 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - - 3,031 (3,03 Court fees 500 284 284 284 Consultants 5,000 3,728 3,727 7 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16) Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 </td <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>(505)</td>									(505)
Miscellaneous 2,500 2,119 2,809 (66) Expenditures from Pepsi machine revenue - - 599 (59) Parades - - 5,076 (5,076) Bank charges 4,000 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - 3,031 (3,03 Court fees 500 284 284 Consultants 5,000 3,728 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16) Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - - - Flood insurance - wharf 1,000 - - -	···		3,000 -		-				(7,953)
Expenditures from Pepsi machine revenue - - 599 (59) Parades - - 5,076 (5,076) Bank charges 4,000 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - - 3,031 (3,03 Court fees 500 284 284 284 Consultants 5,000 3,728 3,727 7 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - - - Flood insurance - wharf 1,000			2 500		2 119				(690)
Parades - - 5,076 (5,076) Bank charges 4,000 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - - 3,031 (3,03 Court fees 500 284 284 284 Consultants 5,000 3,728 3,727 7 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - - - Flood insurance - wharf 1,000 - - - - - - Total general a			2,300		2,117				(599)
Bank charges 4,000 5,681 5,681 Bookkeeping 2,000 2,598 2,523 7 Town attorney - - - 3,031 (3,03) Court fees 500 284 284 284 Consultants 5,000 3,728 3,727 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)			_		_				(5,076)
Bookkeeping 2,000 2,598 2,523 7 Town attorney - - - 3,031 (3,03) Court fees 500 284 284 284 Consultants 5,000 3,728 3,727 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - - Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)			4 000		5 681				(3,070)
Town attorney - - 3,031 (3,03) Court fees 500 284 284 Consultants 5,000 3,728 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - - 9,40 Flood insurance - wharf 1,000 - - - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)	_								75
Court fees 500 284 284 Consultants 5,000 3,728 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)	· -		-		2,370				(3,031)
Consultants 5,000 3,728 3,727 Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)			500		284				(3,031)
Property insurance 13,500 22,230 22,476 (24 Vehicle insurance 7,200 4,343 7,504 (3,16 Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)									1
Vehicle insurance 7,200 4,343 7,504 (3,16) Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)			•						(246)
Surety bonds 200 428 428 Public officials and law enforcement liability 2,400 - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)									(3,161)
Public officials and law enforcement liability 2,400 - - - General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)									(0,101)
General liability 2,900 1,787 1,536 25 Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)					-		-		_
Workmens compensation 14,600 16,174 13,065 3,10 Unemployment insurance 9,400 9,400 - 9,40 Flood insurance - wharf 1,000 - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)					1.787		1.536		251
Unemployment insurance 9,400 9,400 - 9,400 Flood insurance - wharf 1,000 - - - - Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)									3,109
Flood insurance - wharf 1,000 Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)	· · · · · · · · · · · · · · · · · · ·						-		9,400
Total general and financial administration \$ 280,224 \$ 309,437 \$ 319,364 \$ (9,92)					-,		-		-, .50
		\$		_ }	309,437	\$	319,364	\$	(9,927)
Lotal general government administration 5 313 811 5 330 365 5 376 366 6 76 00	Total general government administration	\$	313,811 \$	_	339,365	_	346,266	_	(6,901)

General Fund Schedule of Expenditures -- Budget and Actual Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements		Original Budget		Budget As Amended		Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)							
Public safety:							
Law enforcement:							
Salaries for officers	\$	198,120	Ś	205,311	Ś	209,634 \$	(4,323)
Overtime	•	8,021	т.	4,852	•	4,852	-
Payroll taxes		15,156		16,403		16,403	-
Retirement		19,039		15,967		15,725	242
Hospitalization		25,728		18,224		17,688	536
Life insurance		2,615		902		827	75
State unemployment		2,772		3,720		3,720	-
Training		1,500		963		963	-
Vehicle repairs		3,000		5,220		5,220	-
Computer maintenance		3,500		2,890		2,837	53
Telephone		1,100		1,124		1,133	(9)
Line of duty act insurance		-		1,859		1,430	429
Travel		400		70		70	-
Office supplies		1,500		257		1,229	(972)
Vehicle fuel		13,000		12,916		13,041	(125)
Uniforms		2,500		1,456		1,963	(507)
Police supplies		4,000		13,781		13,781	-
Line of duty act insurance		936		936		-	936
Police messenger maintenance		-		156		156	-
,	_		-				
Total law enforcement	\$_	302,887	\$_	307,007	\$_	310,672 \$	(3,665)
Fire and rescue:							
Contributions fire companies	\$	25,000	\$	25,000	\$	25,000 \$	-
Fire programs funding	_	8,000	_	8,000	_	8,000	
Total fire and rescue	\$_	33,000	\$_	33,000	\$_	33,000 \$	<u>-</u>
Total public safety	\$_	335,887	\$	340,007	\$	343,672 \$	(3,665)

General Fund Schedule of Expenditures -- Budget and Actual Year Ended June 30, 2014 (Continued)

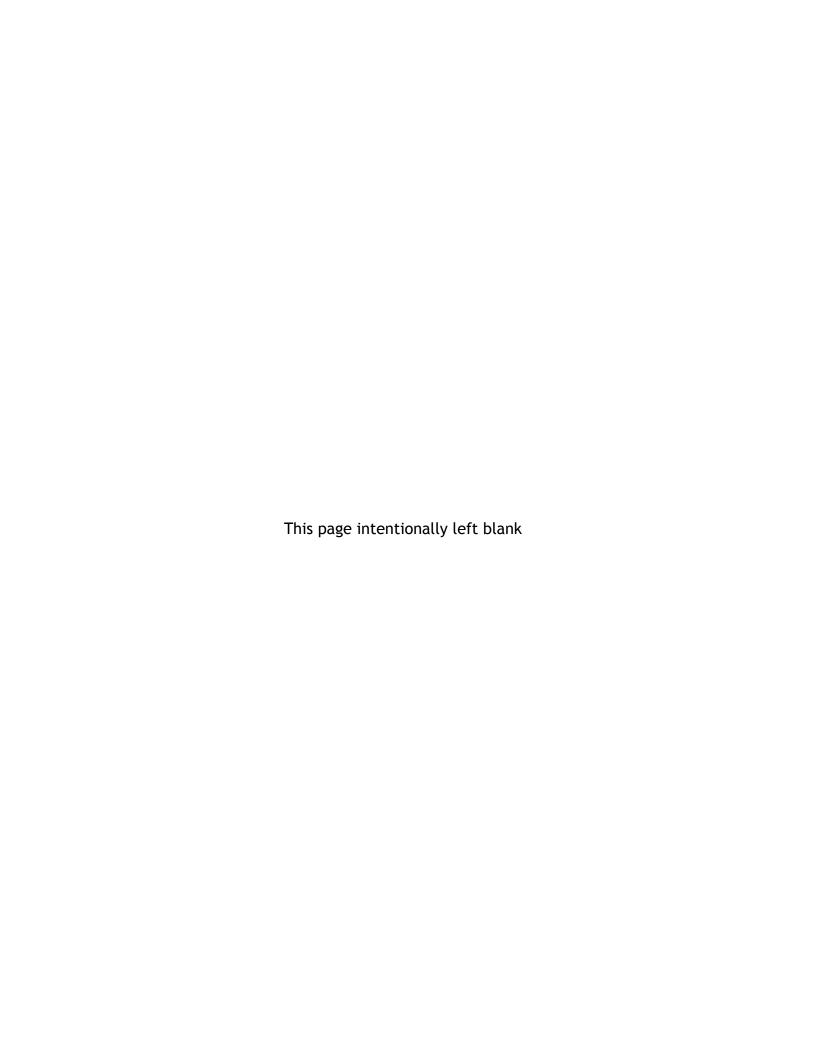
Fund, Function, Activity and Elements		Original Budget	Budget As Amende		Actual	Variance wi Final Budge Positive (Negative)	et -
General Fund: (Continued)							
Public works:							
Street maintenance:							
Salaries	\$	23,656	23,0	589 \$	24,196	\$ (5	507)
Overtime		286		241	130	1	11
Payroll taxes		1,810	1,8	322	1,822		-
Retirement		2,273	2,7	273	2,026	2	247
Hospitalization		4,824	4,8	324	4,938	(1	14)
Life insurance		312		312	105	,	207
State unemployment		416		416	402		14
Vehicle repairs		19,000	14,8		1,652	13,2	238
Electricity		30,000	30,0		27,606	2,3	
Street repairs		5,500	-	500	4,933	•	67
Small equipment repair		500	-	500	410		90
Safety supplies		300		210	210		-
Trash can liners		-	•	-	1,124	(1,1	24)
	<u> </u>	88,877	944		· · · · · · · · · · · · · · · · · · ·		
Total street maintenance	\$_	00,0//	04,0	۵// ۶_	69,554	\$ 15,1	23
Sanitation and waste:							
Salaries	\$	47,313	47.9	976 \$	48,991	\$ (1,0)15)
Overtime	,	573		363	260		03
Payroll taxes		3,619		508	3,451		57
Retirement		4,547	-	093	4,052		41
Hospitalization		9,648	-	548	9,876		228)
Life insurance		625	-	525	211	,	114
State unemployment		832		943	943		-
Vehicle maintenance		3,600		593	2,500	1	93
Trash collection service		79,200	83,		84,363		553)
Repairs and maintenance		750	-	557	1,657	(0	-
Vehicle fuel		4,750		750	4,368	3	882
Litter control		1,200	-	200		1,2	
Erecer control	_		-		_		
Total sanitation and waste	\$_	156,657	161,	166 \$_	160,672	\$4	194
Mosquito and weed control:							
Salaries	\$	4,200 \$	5	340 \$	1,080	\$ (2	240)
Payroll taxes	Y	250		250	-		250
Repairs and maintenance		500		590	690	2	.50
Chemicals		3,000		784	3,784		-
Weed control		8,300		174	3,764 4,150	1.0)24
weed control	_	0,300	٥,		4,130	1,0	·24
Total mosquito and weed control	\$_	16,250	10,	738 \$_	9,704	\$)34

General Fund Schedule of Expenditures -- Budget and Actual Year Ended June 30, 2014 (Continued)

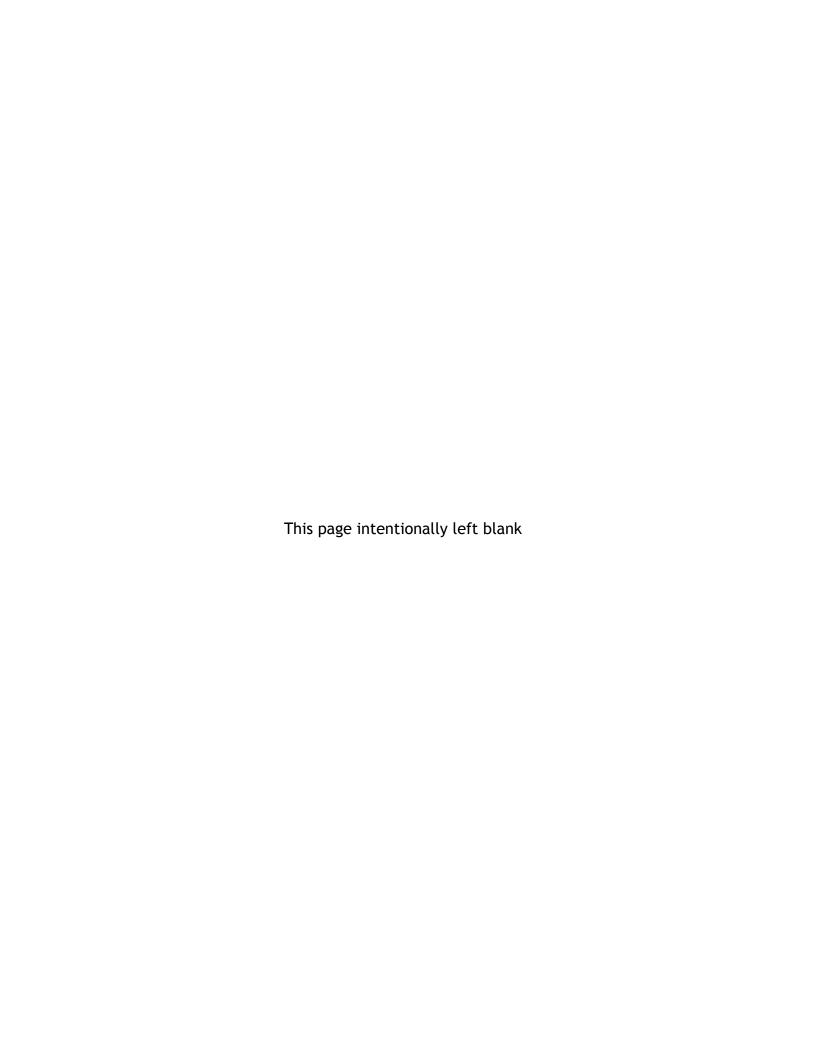
Fund, Function, Activity and Elements		Original Budget		Budget As Amended		Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)							
Public works: (Continued)							
Buildings and grounds:							
Salaries	\$	9,463	\$	9,476	\$	9,679 \$	(203)
Overtime		115		57		52	5
Payroll taxes		724		793		793	-
Retirement		909		840		810	30
Hospitalization		1,930		1,930		1,975	(45)
Life insurance		125		125		42	83
State unemployment		166		211		211	=
Electricity		5,000		5,000		3,695	1,305
Heat		7,000		9,009		8,294	715
Janitorial supplies		800		800		846	(46)
Janitorial services - town hall		2,400		2,400		2,400	-
Repairs and maintenance	_	5,000		2,991		773	2,218
Total buildings and grounds	\$_	33,632	\$_	33,632	\$_	29,570 \$	4,062
Total public works	\$_	295,416	\$_	290,213	\$_	269,500 \$	20,713
Parks, recreation and cultural:							
Parks and recreation:			_		_		
Salaries	\$	14,194	\$	14,211	\$	14,515 \$, ,
Overtime		172		87		78	9
Payroll taxes		1,086		1,093		1,093	-
Retirement		1,364		2,967		1,120	1,847
Hospitalization		2,894		2,894		2,963	(69)
Life insurance		187		187		63	124
State unemployment		249		249		226	23
Grass cutting		6,000		6,000		5,320	680
Electricity		700		700		541	159
Repair and maintenance supplies		1,000		1,000		662	338
Small tools		300		60		60	-
Plantings	_	1,500		1,500		148	1,352
Total parks and recreation	\$_	29,646	\$_	30,948	\$_	26,789 \$	4,159

General Fund Schedule of Expenditures -- Budget and Actual Year Ended June 30, 2014 (Continued)

Fund, Function, Activity and Elements		Original Budget		Budget As Amended		Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued)								
Parks, recreation and cultural: (Continued) Wharf and marina:								
Salaries	\$	25,090	ċ	28,558	ċ	29,705	ċ	(1,147)
Overtime	Ş	11,465	Ş	7,997	Ş	639	Ç	7,358
Payroll taxes		1,919		2,270		2,270		7,336
State unemployment		948		1,392		1,392		-
Electric services		7,000		5,818		5,638		180
Telephone		1,500		1,578		1,580		(2)
Janitorial supplies		1,000		1,000		857		143
Repair and maintenance supplies		6,000		6,000		9,991		(3,991)
Fuel purchases		35,000		28,170		33,672		(5,502)
Other operating supplies		1,500		1,739		1,568		171
Harbormaster construction		1,500		14,830		74,112		(59,282)
Advertising		1,500		1,571		1,571		(37,232)
7.4.0.0	_			<u> </u>		,	-	
Total wharf and marina	\$_	92,922	\$_	100,923	\$_	162,995	\$_	(62,072)
Christmas lighting:								
Electricity	\$	500	\$	500	\$	332	\$	168
Repairs and maintenance		1,200	·	1,200	•	149		1,051
Christmas parade		800		800		360		440
Total Christmas lighting	\$_	2,500	\$	2,500	\$	841	\$	1,659
Total parks, recreation, and cultural	\$	125,068	\$	134,371	ς	190,625	ς	(56,254)
rotat parts, recreation, and catedrat	Ť_	123,000	- ~ -	13 1,37 1	- ~ —	170,023	· -	(30,231)
Debt service:								
Principal retirement	\$	26,782	Ś	26,782	Ś	21,382	Ś	5,400
Interest and other fiscal charges	*		τ.		Ψ	6,456	τ.	(6,456)
5	_							· · · · · · · · · · · · · · · · · · ·
Total debt service	\$_	26,782	_\$_	26,782	- \$ _	27,838	\$_	(1,056)
Nondepartmental:								
Contingencies	\$_	15,364	\$_	10,364	\$_	11,866	\$_	(1,502)
Total General Fund	\$	1,112,328	\$	1,141,102	\$	1,189,767	\$	(48,665)
	_ =			<u> </u>			: =	







		2009		2010		2011	2012	2013	2014
Expenses	_		_		_				
Governmental Activities									
General Governement Administration	\$	303,205	\$	391,425	\$	390,396 \$	493,199 \$	312,234 \$	360,651
Public Safety		325,075		395,615		310,541	282,548	341,356	354,843
Public Works		245,530		270,676		282,050	298,067	305,429	250,481
Parks, Recreation and Cultural		130,034		139,380		150,308	137,596	130,027	198,726
Interest and other fiscal charges	_	-	_	63,190	-	10,750	10,365	11,776	6,456
Total Governmental Activities Expenses	\$	1,003,844	\$_	1,260,286	\$_	1,144,045 \$	1,221,775 \$	1,100,822 \$	1,171,157
Business-Type Activities									
Public Utilities	\$	736,733	\$	792,533	\$	792,457 \$	765,120 \$	1,167,127 \$	1,162,288
Total Business-Type Activities Expenses	\$	736,733	¢	792,533	¢	792,457 \$	765,120 \$	1,167,127 \$	1,162,288
	. ·				_		· · · · · · · · · · · · · · · · · · ·		
Total Primary Government Expenses	\$_	1,740,577	*=	2,052,819	\$_	1,936,502 \$	1,986,895 \$	2,267,949 \$	2,333,445
Program Revenues									
Governmental Activities									
Charges for Services	\$	102,211	\$	134,183	\$	142,456 \$	135,692 \$	121,538 \$	106,723
Operating Grants and Contributions		54,172		51,941		96,083	179,152	71,021	84,690
Capital Grants and Contributions	_	-		-		<u> </u>	109,581	194,498	50,410
Total Governmental Activities Program Revenues	\$	156,383	\$	186,124	\$	238,539 \$	424,425 \$	387,057 \$	241,823
Business-Type Activities									
Charges for Services	\$	887,089	Ś	884,615	Ś	791,500 \$	985,653 \$	939,787 \$	736,275
Capital Grants and Contributions	•	2,064,357	•	4,084,920	•	759,991	67,082	194,187	-
Total Business-Type Activities Program Revenues	\$	2,951,446	\$	4,969,535	\$	1,551,491 \$	1,052,735 \$	1,133,974 \$	736,275
T. I.D		0.407.000		E 455 /50		1 700 000	4 477 470	4 504 004	070.000
Total Primary Government Program Revenues	\$_	3,107,829	\$	5,155,659	\$	1,790,030 \$	1,477,160 \$	1,521,031 \$	978,098
Net (Expense)/ Revenue									
Governmental Activities	\$	(847,461)	\$	(1,074,162)	\$	(905,506) \$	(797,350) \$	(713,765) \$	(929,334)
Business-Type Activities	_	2,214,713	_	4,177,002		759,034	287,615	(33,153)	(426,013)
Total Primary Government Net (Expense)/ Revenue	\$_	1,367,252	\$_	3,102,840	\$_	(146,472) \$	(509,735) \$	(746,918) \$	(1,355,347)
General Revenues and Other Changes in Net Position									
Governmental Activites									
General Property Taxes	\$	421,125	\$	489,274	\$	454,246 \$	370,870 \$	439,399 \$	432,462
Other Local Taxes		307,926		318,165		329,938	338,161	411,346	363,988
Revenues from the use of money & property		19,754		8,560		35,543	31,159	34,026	29,771
Commonwealth of Virginia - PPTRA		-		-		-	68,265	68,265	68,265
Miscellaneous		14,191	_	33,931	_	61,462	15,597	9,099	38,627
Total Governmental Activities	\$_	762,996	\$	849,930	\$	881,189 \$	824,052 \$	962,135 \$	933,113
Business-Type Activities									
Revenues from the use of money & property	\$	40,881	Ś	45,660	Ś	98,299 \$	1,295 \$	86 \$	22
Miscellaneous	•	2,487	•	12,426	•	11,709	1,805	18,604	28,101
	_		_		_				
Total Business-Type Activities	\$	43,368	. \$	58,086	\$	110,008 \$	3,100 \$	18,690 \$	28,123
Total Primary Government	\$ _	806,364	\$_	908,016	\$	991,197 \$	827,152 \$	980,825 \$	961,236
Change in Net Position									
Governmental Activities	\$	(84,465)	\$	(224,232)	\$	(24,317) \$	26,702 \$	248,370 \$	3,779
Business-Type Activites	_	2,258,081		4,235,088		869,042	290,715	(14,463)	(397,890)
Total Primary Government Change in Net Position	\$	2,173,616	\$	4,010,856	\$	844,725 \$	317,417 \$	233,907 \$	(394,111)
- *	_		-		-				

TOWN OF ONANCOCK, VIRGINIA

Changes in Fund Balances Governmental Funds Last Ten Fiscal Years

	_	2005	-	2006		2007	_	2008	_	2009
Revenues										
General property taxes	\$	371,693	\$	373,633	\$	426,969	\$	429,238	\$	438,833
Other local taxes		227,965		237,395		295,733		337,212		290,218
Permits, privilege fees and regulatory licenses		-		-		-		-		-
Fines and forfeitures		13,081		14,698		14,167		12,288		9,316
Revenue from the use of money and property		4,980		6,862		17,202		20,892		20,134
Charges for services		78,620		88,491		99,665		102,525		102,211
Miscellaneous		18,097		125,699		36,882		17,248		3,980
Intergovernmental	_	48,267		50,323	_	53,323		55,949	_	54,172
Total Revenues	\$_	762,703	\$_	897,101	\$_	943,941	\$_	975,352	\$_	918,864
Expenditures										
General administration	\$	238,742	\$	257,169	\$	270,992	\$	270,741	\$	289,523
Public safety		196,047		293,031		249,483		244,067		276,495
Public works		230,017		210,527		235,223		207,104		204,968
Parks recreation and cultural		87,158		105,033		104,477		128,300		125,528
Rehabilitation		146,443		1,990		16,473		221		37
Capital outlays & non-departmental		11,234		13,127		1,470		895,518		61,835
Debt Service	_	-	-	-		-		445,641	_	72,848
Total Expenditures	\$_	909,641	\$_	880,877	\$_	878,118	\$_	2,191,592	\$_	1,031,234
Excess (deficiency) of revenues over (under) expenditures	\$_	(146,938)	\$_	16,224	\$_	65,823	\$_	(1,216,240)	\$_	(112,370)
Other Financing Sources (Uses)										
Sale of capital assets	\$_	-	\$_	-	\$	-	\$_	-	\$_	-
Total Other Financing Sources (Uses)	\$_	-	\$_	-	\$_	-	\$_		\$_	
Net Change in Fund Balance	\$_	(146,938)	\$_	16,224	\$_	65,823	\$	(1,216,240)	\$_	(112,370)
Debt Service as a Percentage of Noncapital Expenditures		0.00%		0.00%		0.00%		34.38%		7.51%

_	2010		2011	_	2012	_	2013		2014
\$	436,662	\$	420,633	\$	373,304	\$	428,929	\$	436,142
	318,165		329,938		338,161		411,346		363,988
	846		375		525		-		-
	16,030		17,885		16,238		10,978		18,410
	8,560		35,543		31,159		34,026		29,771
	134,183		124,196		118,929		110,560		88,313
	17,055		61,462		15,597		9,099		38,627
_	51,941		96,083		356,998	_	333,784		203,365
\$_	983,442	\$	1,086,115	\$	1,250,911	\$	1,338,722	\$	1,178,616
\$	247,674	\$	391,380	\$	501,532	\$	304,633	\$	346,266
•	272,592	•	294,863	,	301,123	•	325,275	•	343,672
	232,926		243,676		258,528		265,837		269,500
	140,282		144,210		132,101		284,164		190,625
	-		-		-		-		-
	-		-		149,797		-		11,866
_	224,709		30,070	_	30,070	_	32,301		27,838
\$_	1,118,183	\$	1,104,199	\$	1,373,151	\$_	1,212,210	\$	1,189,767
\$_	(134,741)	\$	(18,084)	\$	(122,240)	\$	126,512	\$	(11,151)
\$_	184,625	\$		\$	-	\$_	-	\$	
\$_	184,625	\$		\$		\$	-	\$	
\$	49,884	\$	(18,084)	\$	(122,240)	\$	126,512	\$	(11,151)
_	20.10%		2.72%	•	2.46%	-	2.66%	-	2.34%

	_	2009	2010	2011	2012	2013	2014
Assessed value of real estate subject to taxation Legal Debt Limit	\$_	130,685,900 \$	131,958,400 \$	132,441,000 \$	132,954,000 \$	118,891,900 \$	118,862,000
10% of Assessed Value of Taxable Real Estate:	\$	13,068,590 \$	13,195,840 \$	13,244,100 \$	13,295,400 \$	11,889,190 \$	11,886,200
Deduct: Bonds Payable	_	7,687,931	11,382,417	10,856,810	10,331,258	10,101,659	9,668,641
Legal Margin for Creation of Additional Debt	\$_	5,380,659 \$	1,813,423 \$	2,387,290 \$	2,964,142 \$	1,787,531 \$	2,217,559

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	 Total Tax Levy (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2005	\$ 374,855 \$	365,844	97.60%
2006	373,710	375,057	100.36%
2007	403,271	414,740	102.84%
2008	423,105	412,896	97.59%
2009	434,441	410,003	94.37%
2010	437,232	436,662	99.87%
2011	444,068	420,633	94.72%
2012	473,369	441,569	93.28%
2013	473,286	498,762	105.38%
2014	484,286	488,427	100.86%

⁽¹⁾ Exclusive of penalties and interest.

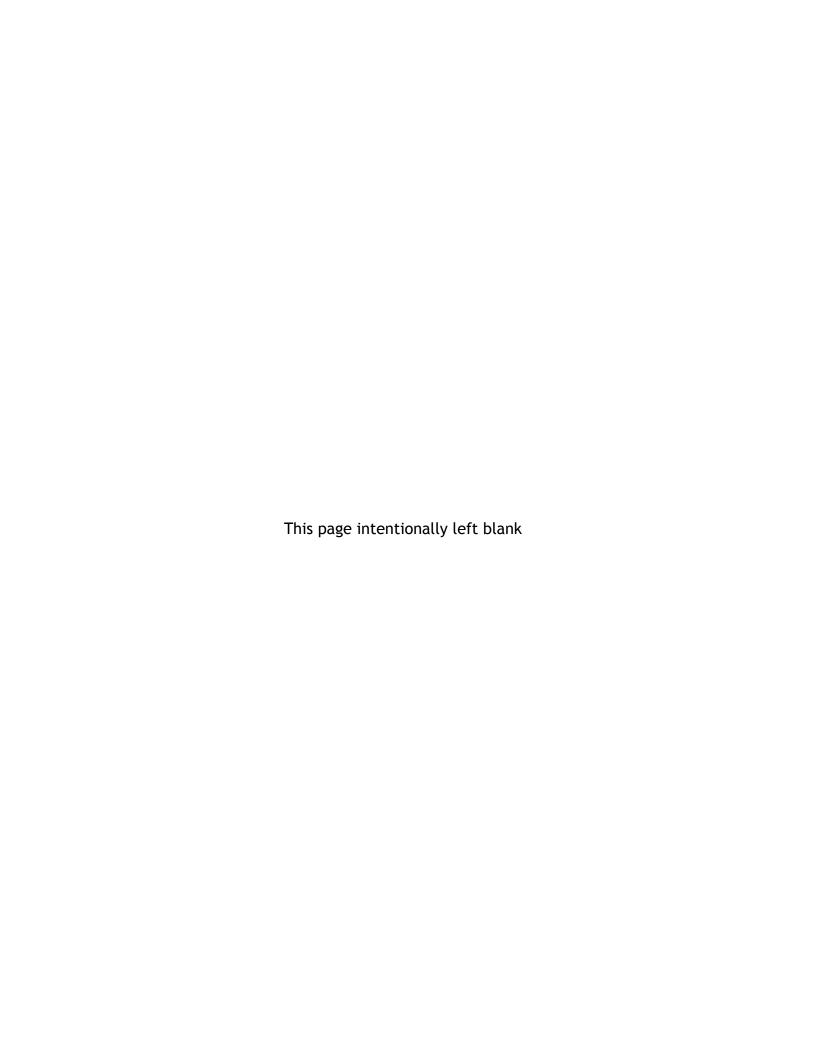
Assessed Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Public Service (2)	Total
	_			_
2005	\$ 68,850,100 \$	7,996,646 \$	7,726,352 \$	84,573,098
2006	69,137,100	8,523,430	5,134,737	82,795,267
2007	70,914,900	8,774,343	3,704,885	83,394,128
2008	72,081,100	9,024,586	7,209,292	88,314,978
2009	130,685,900	8,281,501	7,209,292	146,176,693
2010	131,958,400	8,384,472	7,324,763	147,667,635
2011	132,441,000	8,451,962	7,036,928	147,929,890
2012	132,954,000	8,504,206	6,753,652	148,211,858
2013	118,891,900	8,293,639	6,195,454	133,380,993
2014	118,862,000	8,964,622	5,705,176	133,531,798

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

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





ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Onancock, Virginia as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Onancock, Virginia's basic financial statements, and have issued our report dated October 7, 2014.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town'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 exit that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associats
Charlottesville, Virginia

October 7, 2014