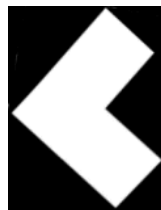


Town of LaCrosse, Virginia
Comprehensive Annual Financial Report
Year Ended June 30, 2015



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

Town of LaCrosse, Virginia

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FINANCIAL SECTION



**Creedle
Jones
& Alga**

A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of LaCrosse, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of LaCrosse, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of LaCrosse, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of LaCrosse, Virginia, as of June 30, 2015, and the respective changes in financial position, and 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 on pages 1 through 8 and budgetary comparison information, schedule of changes in the political subdivision's net pension liability and related ratios, schedule of employer contributions, and notes to required supplementary information on pages 47 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, on our consideration of the Town of LaCrosse, 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 LaCrosse, Virginia's internal control over financial reporting and compliance.

Creedle, Jones & Alga, P.C.

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

South Hill, Virginia
November 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of LaCrosse, Virginia presents the following discussion and analysis as an overview of the Town of LaCrosse, Virginia's financial activities for the fiscal year ending June 30, 2015. We encourage readers to read this discussion and analysis in conjunction with the transmittal letter and the Town's financial statements.

FINANCIAL HIGHLIGHTS

Highlights for Government-Wide Financial Statements

- At the close of the fiscal year, the assets of the Town exceeded its liabilities by \$926,097. Of this amount, \$85,023 is unrestricted for governmental activities. For business-type activities, it was \$867,653 of which \$305,099 is unrestricted.
- For the fiscal year, general and program revenues of the Town's governmental activities were \$678,270 and expenses amounted to \$852,694. The Town's total net position decreased \$81,764.
- For business-type activities, revenues were \$293,573 and expenses were \$247,817. The net position increased by \$45,756.

Highlights for Fund Financial Statements

- As of June 30, 2015, the Town's Governmental Funds reported a combined fund balance (deficit) of \$(33,255) a decrease of \$83,116 in comparison with the prior year. The unassigned portion of fund balance (deficit) is \$(61,973).
- The General Fund reported a fund balance (deficit) of \$(61,973) a decrease of \$83,594 from June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The Town has two types of funds:

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

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

Notes to the Basic Financial Statements

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

Other

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

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FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Assets						
Current and other assets	\$ 266,882	\$ 350,456	\$ 325,751	\$ 326,361	\$ 592,633	\$ 676,817
Capital assets (net)	1,400,723	1,471,857	562,554	622,111	1,963,277	2,093,968
Net pension asset	113,235	-	-	-	113,235	-
Deferred Outflows of Resources	<u>8,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,948</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,789,788</u>	<u>\$ 1,822,313</u>	<u>\$ 888,305</u>	<u>\$ 948,472</u>	<u>\$ 2,678,093</u>	<u>\$ 2,770,785</u>
Liabilities						
Other liabilities	\$ 285,507	\$ 288,099	\$ 20,652	\$ 33,915	\$ 306,159	\$ 322,014
Long-term liabilities	559,649	620,910	-	-	559,649	620,910
Total Liabilities	845,156	909,009	20,652	33,915	865,808	942,924
Deferred Inflows of Resources	<u>18,535</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,535</u>	<u>-</u>
Net Position						
Net investment in capital assets	841,074	1,143,396	562,554	622,111	1,403,628	1,765,507
Unrestricted	85,023	(230,092)	305,099	292,446	390,122	62,354
Total Net Position	<u>926,097</u>	<u>913,304</u>	<u>867,653</u>	<u>914,557</u>	<u>1,793,750</u>	<u>1,827,861</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,789,788</u>	<u>\$ 1,822,313</u>	<u>\$ 888,305</u>	<u>\$ 948,472</u>	<u>\$ 2,678,093</u>	<u>\$ 2,770,785</u>

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Statement of Activities

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

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2015 and 2014

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for services	\$ 176,244	\$ 190,178	\$ 293,573	\$ 297,627	\$ 469,817	\$ 487,805
Operating grants and contributions	127,652	498,233	-	-	127,652	498,233
General Revenues						
General property taxes, real and personal	108,346	108,344	-	-	108,346	108,344
Other taxes	79,004	78,223	-	-	79,004	78,223
Noncategorical aid from state	34,959	34,385	-	-	34,959	34,385
Use of property	19,900	21,032	-	-	19,900	21,032
Investment earnings	2,011	114	-	-	2,011	114
Miscellaneous	130,154	71,742	-	-	130,154	71,742
Total Revenues	678,270	1,002,251	293,573	297,627	971,843	1,299,878
Expenses						
General government administration	188,763	198,056	-	-	188,763	198,056
Public safety	285,266	229,326	-	-	285,266	229,326
Public works	194,284	421,829	-	-	194,284	421,829
Parks, recreation, and cultural	9,761	8,825	-	-	9,761	8,825
Community development	155,297	455,431	-	-	155,297	455,431
Water and sewer	-	-	247,817	268,630	247,817	268,630
Interest on long-term debt	19,323	16,378	-	-	19,323	16,378
Total Expenses	852,694	1,329,845	247,817	268,630	1,100,511	1,598,475
Increase (Decrease) in Net Position Before Transfers	(174,424)	(327,594)	45,756	28,997	(128,668)	(298,597)
Transfers	92,660	102,719	(92,660)	(102,719)	-	-
Increase (Decrease) in Net Position	(81,764)	(224,875)	(46,904)	(73,722)	(128,668)	(298,597)
Beginning Net Position (Restated)	1,007,861	1,138,179	914,557	988,279	1,922,418	2,126,458
Ending Net Position	\$ 926,097	\$ 913,304	\$ 867,653	\$ 914,557	\$ 1,793,750	\$ 1,827,861

Governmental activities decreased the Town's net position by \$81,764 for fiscal year 2015. Revenues from governmental activities totaled \$678,270. Charges for services comprise the largest source of these revenues, totaling \$176,244 or 25.9 percent of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$852,694. Public safety was the Town's largest program with expenses totaling \$285,266 or 33.4 percent of all governmental activities expenses.

Business-type activities decreased the Town's net position by \$46,904. Revenues from business-type activities totaled \$293,573 for the fiscal year ended June 30, 2015, compared to \$297,627 in the prior fiscal year. Expenses for the business-type activities totaled \$247,817 for the fiscal year ended June 30, 2015, compared to \$268,630 in the prior fiscal year.

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

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>		<u>2014</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 188,763	\$ (188,763)	\$ 198,056	\$ (198,056)
Public safety	285,266	(165,368)	229,326	(93,173)
Public works	194,284	(126,878)	421,829	(360,695)
Parks, recreation, and cultural	9,761	(9,761)	8,825	37,817
Community development	155,297	(38,705)	455,431	(10,949)
Interest on long-term debt	<u>19,323</u>	<u>(19,323)</u>	<u>16,378</u>	<u>(16,378)</u>
Total	<u>\$ 852,694</u>	<u>\$ (548,798)</u>	<u>\$1,329,845</u>	<u>\$ (641,434)</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As of June 30, 2015, the Town's Governmental Funds reported a combined ending fund balance (deficit) of \$(33,255) a decrease of \$83,116 in comparison with the prior year.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance (deficit) of \$(61,973). The General Fund's liquidity can be measured by comparing both unassigned fund balance to total fund expenditures. Unassigned fund balance represents -5.9 percent of total expenditures.

- The Water and Sewer Fund contributed \$92,660 in operating funds to finance the General Fund's operations.

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BUDGETARY HIGHLIGHTS

General Fund

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

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>			<u>2014</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 110,000	\$ 110,000	\$ 106,212	\$ 110,000	\$ 110,000	\$ 110,391
Fines and forfeitures	130,000	130,000	109,898	110,000	110,000	122,659
Other	202,936	202,936	226,280	218,700	218,700	224,557
Intergovernmental	<u>30,800</u>	<u>30,800</u>	<u>85,569</u>	<u>27,700</u>	<u>27,700</u>	<u>88,136</u>
Total Revenues	473,736	473,736	527,959	466,400	466,400	545,743
Expenditures	<u>633,986</u>	<u>633,986</u>	<u>1,049,750</u>	<u>615,250</u>	<u>615,250</u>	<u>874,531</u>
Excess (Deficiency) of Revenues Over Expenditures	(160,250)	(160,250)	(521,791)	(148,850)	(148,850)	(328,788)
Other Financing Sources (Uses)						
Transfers in	<u>160,250</u>	<u>160,250</u>	<u>438,197</u>	<u>148,850</u>	<u>148,850</u>	<u>442,964</u>
Total	<u>160,250</u>	<u>160,250</u>	<u>438,197</u>	<u>148,850</u>	<u>148,850</u>	<u>442,964</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (83,594)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,176</u>

The original and final budgets are the same.

Actual revenues were more than budget amounts by \$54,223, or 11.4 percent, while actual expenditures were \$415,764, or 65.6 percent more than final budget amounts.

The High Street Planning Project exceeded budgeted amounts by \$133,217. The General Fund exceeded debt service by \$356,044; however, this was offset by proceeds of debt of \$338,322.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2015, the Town's net investment in capital assets totals \$841,074, which is net capital assets less related debt for governmental activities and \$562,554 for business-type activities.

During fiscal year 2015, the Town's net capital assets (including additions, decreases, and depreciation) decreased \$71,134, or 4.8 percent, for governmental activities and decreased \$59,557, or 9.6 percent, for business-type activities as summarized in the following table:

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2014</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2015</u>
Land and land improvements	\$ 69,776	\$ -	\$ 69,776
Buildings and improvements	906,386	-	906,386
Furniture, equipment, and vehicles	<u>1,179,856</u>	<u>-</u>	<u>1,179,856</u>
Total Capital Assets	2,156,018	-	2,156,018
Less: Accumulated depreciation and amortization	<u>(684,161)</u>	<u>(71,134)</u>	<u>(755,295)</u>
Total Capital Assets, Net	<u>\$ 1,471,857</u>	<u>\$ (71,134)</u>	<u>\$ 1,400,723</u>

Business-Type Activities

	<u>Balance July 1, 2014</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2015</u>
Buildings and systems	\$ 2,243,051	\$ -	\$ 2,243,051
Furniture, equipment, and vehicles	<u>41,321</u>	<u>-</u>	<u>41,321</u>
Total Capital Assets	2,284,372	-	2,284,372
Less: Accumulated depreciation and amortization	<u>(1,662,261)</u>	<u>(59,557)</u>	<u>(1,721,818)</u>
Total Capital Assets, Net	<u>\$ 622,111</u>	<u>\$ (59,557)</u>	<u>\$ 562,554</u>

Long-Term Debt

As of June 30, 2015, the Town's long-term obligations total \$559,649.

	<u>Balance July 1, 2014</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2015</u>
Governmental Activities			
Long-term debt	<u>\$ 620,910</u>	<u>\$ (61,261)</u>	<u>\$ 559,649</u>
 Total Governmental Activities and Primary Government	 <u>\$ 620,910</u>	 <u>\$ (61,261)</u>	 <u>\$ 559,649</u>

More detailed information on the Town's long-term obligations is presented in Notes 9 and 19 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The average unemployment rate for the Town of LaCrosse, Virginia in June 2015, which uses Mecklenburg County, Virginia's rate, was 6.8 percent. This compares unfavorably to the state's rate of 5.0 percent and the national rate of 5.3 percent.
- According to the 2010 U.S. Census, the population in the Town of LaCrosse, Virginia was 604.
- The per capita income in the Town of LaCrosse, Virginia was \$13,882, compared to \$27,705 for the state, according to the 2010 U.S. Census data.
- The Town's adopted 2015-2016 budgeted revenues for the general fund are \$469,136.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Willis A. Woodall, Mayor, Town of LaCrosse, Virginia, 115 South Main Street, LaCrosse, Virginia 23950, telephone 434-757-7366.

BASIC FINANCIAL STATEMENTS

Town of LaCrosse, Virginia

Statement of Net Position

At June 30, 2015

Primary Government

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 251,252	\$ -	\$ 251,252
Receivables, net	14,630	45,504	60,134
Due from other governments	1,000	-	1,000
Due from other funds	-	280,247	280,247
Capital Assets			
Land	69,776	-	69,776
Other capital assets, net of accumulated depreciation	1,330,947	562,554	1,893,501
Capital Assets, Net	1,400,723	562,554	1,963,277
Other asset - net pension asset	113,235	-	113,235
Deferred Outflows of Resources			
Deferred outflows - pension liability	8,948	-	8,948
Total Assets and Deferred Outflows of Resources	<u>\$ 1,789,788</u>	<u>\$ 888,305</u>	<u>\$ 2,678,093</u>
Liabilities			
Accounts payable and accrued expenses	\$ 5,260	\$ 10,687	\$ 15,947
Customer deposits	-	9,965	9,965
Due to other funds	280,247	-	280,247
Long-Term Liabilities			
<i>Due within one year</i>			
Bonds, loans, and capital leases payable	85,020	-	85,020
<i>Due in more than one year</i>			
Bonds, loans, and capital leases payable	474,629	-	474,629
Total Liabilities	845,156	20,652	865,808
Deferred Inflows of Resources			
Deferred inflows - pension liability	18,535	-	18,535
Net Position			
Net investment in capital assets	841,074	562,554	1,403,628
Unrestricted	85,023	305,099	390,122
Total Net Position	<u>926,097</u>	<u>867,653</u>	<u>1,793,750</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,789,788</u>	<u>\$ 888,305</u>	<u>\$ 2,678,093</u>

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

Town of LaCrosse, Virginia

Statement of Activities

For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-Type Activities</u>	<u>Total</u>
Primary Government						
Governmental Activities						
General government administration	\$ 188,763	\$ -	\$ -	\$ (188,763)		\$ (188,763)
Public safety	285,266	109,898	10,000	(165,368)		(165,368)
Public works	194,284	66,346	1,060	(126,878)		(126,878)
Parks, recreation, and cultural	9,761	-	-	(9,761)		(9,761)
Community development	155,297	-	116,592	(38,705)		(38,705)
Interest on long-term debt	19,323	-	-	(19,323)		(19,323)
Total Governmental Activities	852,694	176,244	127,652	(548,798)		(548,798)
Business-Type Activities						
Water and Sewer Fund	247,817	293,573	-	-	\$ 45,756	45,756
Total Business-Type Activities	247,817	293,573	-	-	45,756	45,756
Total Primary Government	<u>\$ 1,100,511</u>	<u>\$ 469,817</u>	<u>\$ 127,652</u>	(548,798)	45,756	(503,042)
General Revenues						
Taxes						
General property taxes, real and personal				108,346	-	108,346
Other local taxes				79,004	-	79,004
Noncategorical aid from state				34,959	-	34,959
Use of property				19,900	-	19,900
Investment earnings				2,011	-	2,011
Miscellaneous				130,154	-	130,154
Transfers				92,660	(92,660)	-
Total General Revenues and Transfers				467,034	(92,660)	374,374
Change in Net Position				(81,764)	(46,904)	(128,668)
Net Position - Beginning of Year (Restated)				1,007,861	914,557	1,922,418
Net Position - End of Year				\$ 926,097	\$ 867,653	\$ 1,793,750

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

Town of LaCrosse, Virginia

Balance Sheet

Governmental Funds

At June 30, 2015

	<u>General Fund</u>	<u>Capital Project CDBG High Street Fund</u>	<u>Special Revenue Cemetery Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash and investments	\$ 222,534	\$ 21	\$ 28,697	\$ 251,252
Property taxes receivable, net	14,630	-	-	14,630
Due from other governments	1,000	-	-	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 238,164</u>	<u>\$ 21</u>	<u>\$ 28,697</u>	<u>\$ 266,882</u>
Liabilities				
Accounts payable	\$ 3,102	\$ -	\$ -	\$ 3,102
Accrued liabilities	2,158	-	-	2,158
Due to other funds	280,247	-	-	280,247
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	285,507	-	-	285,507
Deferred Inflows of Resources				
Unavailable revenue - property taxes	14,630	-	-	14,630
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflows of Resources	14,630	-	-	14,630
Fund Balance				
Restricted	-	21	-	21
Assigned	-	-	28,697	28,697
Unassigned	(61,973)	-	-	(61,973)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>(61,973)</u>	<u>21</u>	<u>28,697</u>	<u>(33,255)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 238,164</u>	<u>\$ 21</u>	<u>\$ 28,697</u>	<u>\$ 266,882</u>

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

Town of LaCrosse, Virginia

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

At June 30, 2015

Total Fund Balances for Governmental Funds	\$	(33,255)
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$	69,776
Buildings and improvements, net of accumulated depreciation		769,610
Furniture, equipment, and vehicles, net of accumulated depreciation		<u>561,337</u>
Total Capital Assets		1,400,723
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue		14,630
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds		
Deferred outflows of resources related to pensions		8,948
Deferred inflows of resources related to pensions		<u>(18,535)</u>
Total Deferred Outflows and Inflows of Resources		(9,587)
Liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Balances of long-term liabilities affecting net position are as follows:		
Bonds and notes payable		(559,649)
Net VRS pension liability or asset		<u>113,235</u>
Total		<u>(446,414)</u>
Total Net Position of Governmental Activities	\$	<u>926,097</u>

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

Town of LaCrosse, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2015

	<u>General Fund</u>	<u>Capital Project CDBG High Street Fund</u>	<u>Special Revenue Cemetery Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 106,212	\$ -	\$ -	\$ 106,212
Other local taxes	79,004	-	-	79,004
Fines and forfeitures	109,898	-	-	109,898
Use of money and property	13,991	-	7,920	21,911
Charges for services	59,131	-	7,215	66,346
Miscellaneous	74,154	56,000	-	130,154
<i>Intergovernmental</i>				
Revenue from the Commonwealth of Virginia	85,569	-	-	85,569
Revenue from the Federal Government	-	77,042	-	77,042
Total Revenues	527,959	133,042	15,135	676,136
Expenditures				
Current				
General government administration	168,204	-	-	168,204
Public safety	246,847	-	-	246,847
Public works	191,219	-	-	191,219
Parks, recreation, and cultural	2,494	-	7,267	9,761
Community development	6,712	133,217	-	139,929
Capital projects	15,368	-	-	15,368
Debt service	418,906	-	-	418,906
Total Expenditures	1,049,750	133,217	7,267	1,190,234
Excess (Deficiency) of Revenues Over Expenditures	(521,791)	(175)	7,868	(514,098)
Other Financing Sources (Uses)				
Proceeds from loans	338,322	-	-	338,322
Transfers from other funds	99,875	-	-	99,875
Transfers to other funds	-	-	(7,215)	(7,215)
Total Other Financing Sources (Uses)	438,197	-	(7,215)	430,982
Net Change in Fund Balance	(83,594)	(175)	653	(83,116)
Fund Balance - Beginning of Year	21,621	196	28,044	49,861
Fund Balance (Deficit) - End of Year	<u>\$ (61,973)</u>	<u>\$ 21</u>	<u>\$ 28,697</u>	<u>\$ (33,255)</u>

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

Town of LaCrosse, Virginia

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

Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (83,116)
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation is less than capital outlays in the current period.

(71,134)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statement but recognized in the Statement of Activities.

2,134

Bond and capital lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

Proceeds of debt	\$ (338,322)	
Repayments on debt	<u>399,583</u>	
Net Adjustment		61,261

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Pension contributions	8,948	
Cost of benefits earned net of employee contributions	<u>143</u>	
		<u>9,091</u>

Change in Net Position of Governmental Activities	<u>\$ (81,764)</u>
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The accompanying notes to the financial statements are an integral part of this statement.

Town of LaCrosse, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2015

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

Assets**Current Assets**

Due from other funds	\$ 280,247
Accounts receivable (net of allowance for bad debts)	<u>45,504</u>

Total Current Assets 325,751

Capital Assets, net

562,554

Total Assets \$ 888,305

Liabilities**Current Liabilities**

Accounts payable	\$ 10,687
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Noncurrent Liabilities

Customer deposits	<u>9,965</u>
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Total Noncurrent Liabilities 9,965

Total Liabilities 20,652

Net Position

Net investment in capital assets	562,554
Unrestricted	<u>305,099</u>

Total Net Position 867,653

Total Liabilities and Net Position \$ 888,305

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

Town of LaCrosse, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2015

	<u>Business-Type Activities - Enterprise Funds Water and Sewer Fund</u>
Operating Revenues	
Charges for services, net	\$ 293,573
Total Operating Revenues	293,573
Operating Expenses	
Water purchased	71,429
Sewer treatment	73,272
Other water and sewer	43,559
Depreciation	<u>59,557</u>
Total Operating Expenses	<u>247,817</u>
Operating Income	45,756
Nonoperating Revenues (Expenses)	
Water planning grant	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>
Income Before Operating Transfers	45,756
Operating Transfers Out	<u>(92,660)</u>
Change in Net Position	(46,904)
Total Net Position - Beginning of Year	<u>914,557</u>
Total Net Position - End of Year	<u><u>\$ 867,653</u></u>

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

Town of LaCrosse, Virginia

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2015

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

Cash Flows from Operating Activities

Receipts from customers	\$ 289,630
Payments to personnel and suppliers	<u>(196,970)</u>
Net Cash Provided by Operating Activities	92,660

Cash Flows from Noncapital Financing Activities

Payments made as interfund transfers	<u>(92,660)</u>
Net Cash Used in Noncapital Financing Activities	(92,660)

Net Increase (Decrease) in Cash and Cash Equivalents -

Cash - Beginning of Year -

Cash - End of Year \$ -

**Reconciliation of Operating Income to Net Cash
Provided by Operating Activities**

Operating income	\$ 45,756
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>	
Depreciation expense	59,557
<i>Changes in assets and liabilities</i>	
Receivables, net	610
Accounts payable and accrued expenses	(8,710)
Water deposits	<u>(4,553)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 92,660</u></u>

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

Town of LaCrosse, Virginia

Notes to the Financial Statements

Year Ended June 30, 2015

1 Summary of Significant Accounting Policies

Narrative Profile

The Town of LaCrosse, Virginia (the "Town") is located in the Southside area in Southeastern Virginia. The Town is governed by an appointed Town Manager, an elected Mayor, and a six-member Town Council with each serving administrative and legislative functions.

The Town of LaCrosse, Virginia is governed under the Town Executive – Town Council form of government. The Town of LaCrosse, Virginia engages in a comprehensive range of municipal services, including general government administration, public safety, public works, parks, recreation, cultural, and community development.

The financial statements of the Town have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below:

1-A. Financial Reporting Entity

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

Exclusions from the Reporting Entity

Jointly Governed Organization

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization. The Town of LaCrosse, Virginia contributed \$1,980 in fiscal year 2015 to Mecklenburg-Brunswick Airport Commission.

1-B. Financial Reporting Model

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

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

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

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

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

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

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

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

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

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

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in 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.

GASB-Required Supplementary Pension – GASB issued Statement No. 68–*Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

1-C. Financial Statement Presentation

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

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

Major Governmental Funds

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

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

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

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

CDBG High Street Fund – This fund accounts for community development block grant funds being used for the High Street Project in the Town.

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

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

1-D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

1-E-1 Cash and Cash Equivalents

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

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

1-E-2 Investments

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

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

1-E-3 Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. There is no allowance at this time.

Real and Personal Property Tax Data

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

Real Property Personal Property

Due Date	January 1	January 1
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The Town bills and collects its own property taxes.

A five percent penalty is levied on all taxes not collected on or before their due date.

1-E-4 Prepaid Items

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

1-E-5 Capital Assets

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

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

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

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25 to 50 years
Furniture and other equipment	3 to 10 years
Vehicles	5 to 25 years
Infrastructure	15 to 50 years

1-E-6 Deferred Outflows/Inflows of Resources

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

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

1-E-7 Compensated Absences

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

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

The Town does not accrue compensated absences (annual leave benefits) at this time because of the immaterial amount of these benefits.

1-E-8 Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose,

benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-9 Fund Equity

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

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

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

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

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

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

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

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

1-E-10 Operating Revenues and Expenses

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

1-E-11 Interfund Activity

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

1-E-12 Long-Term Obligations

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

1-E-13 Estimates

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

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Town Council annually adopts budgets for the various funds of the primary government. All appropriations are legally controlled at the department level for the primary Government Funds. Unexpended appropriations lapse at the end of each fiscal year.

Budgetary Data

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

1. Prior to April 1, the Town Mayor submits to the Town Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Supplemental Appropriations are adopted if necessary during the fiscal year.

Expenditures in Excess of Appropriations

Expenditures exceeded appropriations by \$83,594 in the General Fund and \$133, 217 for the CDBG High Street Project.

Fund Deficits

Deficits exist in the General Fund's unassigned fund balance of \$61,973.

3 Deposits and Investments

Deposits

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

Investments

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

The Town of LaCrosse, Virginia only invests in Certificates of Deposit at local banks. Therefore, there is no custodial risk, credit risk of debt securities, concentration of credit risk, or foreign currency risk. The only risk of interest rates is that associated with short-term rates at the local banks which are generally invested in Certificates of Deposit held less than one year.

The following is a summary of cash and cash equivalents:

<u>Asset Type</u>	<u>Carrying Amount</u>		
Petty cash	\$		40
Deposit accounts			<u>251,212</u>
Total Cash and Cash Equivalents	\$		<u><u>251,252</u></u>
<u>Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ <u>251,252</u>	\$ -	\$ <u>251,252</u>
Total	\$ <u><u>251,252</u></u>	\$ <u><u>-</u></u>	\$ <u><u>251,252</u></u>

4 Receivables

Receivables at June 30, 2015 consist of the following:

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total Primary</u>
	<u>Activities</u>	<u>Water and Sewer</u>	<u>Government</u>
Property taxes	\$ 14,630	\$ -	\$ 14,630
Water and sewer	-	45,504	45,504
Total Receivables	<u>\$ 14,630</u>	<u>\$ 45,504</u>	<u>\$ 60,134</u>

Due from Other Governments Commonwealth of Virginia

Fire program	<u>\$ 1,000</u>
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5 Interfund Transfers

Interfund transfers for the year ended June 30, 2015 consisted of the following:

	<u>Transfer to</u>	<u>Transfer from</u>
Primary Government		
General Fund		
From Water and Sewer Fund	\$ -	\$ 92,660
From Cemetery Fund	-	7,215
Water and Sewer Fund		
To General Fund	92,660	-
Cemetery Fund		
To General Fund	<u>7,215</u>	<u>-</u>
Total Transfers	<u>\$ 99,875</u>	<u>\$ 99,875</u>

6 Due to/from Other Funds

Details of the primary government interfund receivables and payables as of June 30, 2015 are as follows:

	<u>Due to</u>	<u>Due from</u>
Primary Government		
General Fund		
Due to Water Fund	\$ 280,247	\$ -
Water and Sewer Fund		
Due from General Fund	<u>-</u>	<u>280,247</u>
Total Due To/Due From's	<u>\$ 280,247</u>	<u>\$ 280,247</u>

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7 Capital Assets

Following is a summary of changes in capital assets:

Governmental Activities

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 69,776	\$ -	\$ -	\$ 69,776
Total Capital Assets Not Being Depreciated	69,776	-	-	69,776
Other Capital Assets				
Buildings and improvements	906,386	-	-	906,386
Furniture, equipment, and vehicles	1,179,856	-	-	1,179,856
Total Other Capital Assets	2,086,242	-	-	2,086,242
Less: Accumulated depreciation for				
Buildings and improvements	107,126	29,650	-	136,776
Furniture, equipment, and vehicles	577,035	41,484	-	618,519
Total Accumulated Depreciation	684,161	71,134	-	755,295
Other Capital Assets, Net	1,402,081	(71,134)	-	1,330,947
Net Capital Assets	\$ 1,471,857	\$ (71,134)	\$ -	\$ 1,400,723

Depreciation expense was allocated as follows:

General government administration	\$ 29,650
Public safety	38,419
Public works	3,065
Total Depreciation Expense	\$ 71,134

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Business-Type Activities

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets Not Being Depreciated				
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Total Capital Assets Not Being Depreciated	-	-	-	-
Other Capital Assets				
Buildings and systems	2,243,051	-	-	2,243,051
Furniture, equipment, and vehicles	41,321	-	-	41,321
Total Other Capital Assets	2,284,372	-	-	2,284,372
Less: Accumulated depreciation for				
Buildings and systems	1,623,646	59,100	-	1,682,746
Furniture, equipment, and vehicles	38,615	457	-	39,072
Total Accumulated Depreciation	1,662,261	59,557	-	1,721,818
Other Capital Assets, Net	622,111	(59,557)	-	562,554
Net Capital Assets	\$ 622,111	\$ (59,557)	\$ -	\$ 562,554
Depreciation expense was allocated to water/sewer		\$ 59,557		

8 Compensated Absences

Each Town employee earns vacation based on various years of service. A maximum of 240 hours may be accumulated and is paid upon termination at the current rate of pay. Sick leave is earned at 8 hours a month and none is paid upon termination. No provision has been booked for compensated absences due to lack of materiality.

9 Long-Term Debt

PRIMARY GOVERNMENT

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

Year(s) Ended June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 85,020	\$ 15,348
2017	61,655	13,712
2018	63,337	12,031
2019	50,216	10,336
2020	49,880	8,945
2021-2025	189,052	24,469
2026-2030	60,489	4,444
Total	\$559,649	\$ 89,285

Changes in Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
General Fund					
Promissory note dated January 16, 2013 for \$45,000 to First Citizens Bank & Trust Co. with annual payments of \$9,594.28 for 5 years at 2.17% interest for a 2013 Ford F350 brush truck and related equipment.	\$ 36,382	\$ -	\$ 8,805	\$ 27,577	\$ 8,996
Promissory note dated November 13, 2012 for \$247,000 to First Citizens Bank & Trust Co. with annual payments of \$21,644.54 for 15 years at 3.63% interest for a 2012 Kenworth Tanker Fire Truck and related equipment.	234,322	-	13,139	221,183	13,616
Promissory note dated October 16, 2014 for \$287,383.67 to Benchmark Community Bank with payments of \$3,098.36 monthly for 8.5 years with an interest rate of 2.50%.	-	287,384	23,160	264,224	30,928
Promissory note dated November 7, 2014 for \$25,937.86 to Benchmark Community Bank with payments of \$579.02 monthly for 4 years with an interest rate of 2.50%.	-	25,938	4,273	21,665	6,480
Promissory note dated January 20, 2015 for \$25,000 to Benchmark Community Bank with payments of \$5,392.60 annually for 5 years with an interest rate of 2.50%.	-	25,000	-	25,000	25,000
Promissory note dated June 10, 2014 for \$30,000 to Benchmark Community Bank with payments of \$6,351.50 annually for 5 years with an interest rate of 1.84% to purchase a vehicle.	30,000	-	30,000	-	-
Promissory note dated January 21, 2014 for \$303,000 to Citizens Community Bank with monthly payments of \$3,104.69 for 10 years with an interest rate of 4.25%.	292,449	-	292,449	-	-
Promissory note to Citizens Community Bank with monthly payments of \$583 for 15 years at 4.75% interest.	27,757	-	27,757	-	-
Total Governmental Activities and Primary Government	<u>\$ 620,910</u>	<u>\$ 338,322</u>	<u>\$ 399,583</u>	<u>\$ 559,649</u>	<u>\$ 85,020</u>

10 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2015 is determined as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
Net Investment in Capital Assets			
Cost of capital assets	\$ 2,156,018	\$ 2,284,372	\$ 4,440,390
Less: Accumulated depreciation	<u>(755,295)</u>	<u>(1,721,818)</u>	<u>(2,477,113)</u>
Book value	1,400,723	562,554	1,963,277
Less: Capital related debt	<u>(559,649)</u>	<u>-</u>	<u>(559,649)</u>
Net Investment in Capital Assets	<u>\$ 841,074</u>	<u>\$ 562,554</u>	<u>\$ 1,403,628</u>

11 Deferred Inflows of Resources

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

	<u>Primary Government - General Fund</u>
Delinquent taxes not collected within 60 days	<u>\$ 14,630</u>

12 Risk Management

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

13 Commitments and Contingencies

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

14 Litigation

At June 30, 2015, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions or pending matters not be favorable to such entities.

15 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed ten percent of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Estate	<u>\$ 29,917,167</u>
Debt Limit - 10 Percent of Total Assessed Value	\$ 2,991,717
Amount of Debt Applicable to Debt Limit General Obligation Debt	<u>559,649</u>
Legal Debt Margin	<u>\$ 2,432,068</u>

16 Surety Bond Information

The following bond was in effect at June 30, 2015:

The Cincinnati Insurance Company

Town Clerk / Treasurer - Ernestine T. Evans	\$ 100,000
Mayor - Willis A. Woodall	100,000

17 Pension Plan

Plan Description

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

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

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RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

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

Eligible Members

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

Hybrid Opt-In Election

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

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

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

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

PLAN 2

About Plan 2

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

Eligible Members

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

Hybrid Opt-In Election

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

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

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

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

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

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

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

Eligible Members

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

- Political subdivision employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**Non-Eligible Members*

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

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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

PLAN 1

Retirement Contributions

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

Creditable Service

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

Vesting

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

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

PLAN 2

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.

Creditable Service

Same as Plan 1.

Vesting

Same as Plan 1.

HYBRID RETIREMENT PLAN

Retirement Contributions

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

Creditable Service

Defined Benefit Component:

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

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

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

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

PLAN 1

Calculating the Benefit

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

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

Average Final Compensation

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

Service Retirement Multiplier

VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

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

Service Retirement Multiplier

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

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

HYBRID RETIREMENT PLAN

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

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

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

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

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

Average Final Compensation

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

Service Retirement Multiplier

Defined Benefit Component:

VRS: The retirement multiplier for the defined benefit component is 1.00%.

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

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

PLAN 1
Normal Retirement Age

VRS: Age 65.

Political subdivisions hazardous duty employees:
Age 60.

Earliest Unreduced Retirement Eligibility

VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.

Political subdivisions hazardous duty employees:
Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility

VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

Political subdivisions hazardous duty employees:
Age 50 with at least five years of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement

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

Eligibility:

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

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

PLAN 2
Normal Retirement Age

VRS: Normal Social Security retirement age.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Unreduced Retirement Eligibility

VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Reduced Retirement Eligibility

VRS: Age 60 with at least five years (60 months) of creditable service.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

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

Eligibility:

Same as Plan 1

HYBRID
RETIREMENT PLAN
Normal Retirement Age

Defined Benefit Component:

VRS: Same as Plan 2.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

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

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

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

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

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

Political subdivisions hazardous duty employees:
Not applicable

Defined Contribution Component:

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

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2

Defined Contribution Component:

Not applicable

Eligibility:

Same as Plan 1 and Plan 2

PLAN 1

Exceptions to COLA Effective Dates:

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

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

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

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

Purchase of Prior Service

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

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

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

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

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2

Disability Coverage

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

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

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.
- The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation.
- Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	1
Inactive members:	
Vested inactive members	1
Non-vested Inactive members	3
Inactive members active elsewhere in VRS	<u>3</u>
Total inactive members	7
Active members	<u>5</u>
Total covered employees	<u>13</u>

Contributions

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

If the employer used the certified rate: The political subdivision's contractually required contribution rate for the year ended June 30, 2015 was 4.57% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$8,948 and \$13,330 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability

The political subdivisions net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

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

Largest 10 – Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-LEOS:

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

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

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

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

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

Largest 10 – LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

All Others (Non 10 Largest) – LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) – LEOS:

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
U. S. Equity	19.50%	6.46%	1.26%
Developed Non U. S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	<u>1.00%</u>	-1.50%	<u>-0.02%</u>
Total	<u>100.00%</u>		<u>5.83%</u>
		Inflation	<u>2.50%</u>
*Expected arithmetic nominal return			<u>8.33%</u>

*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

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Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Political Subdivision Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 169,167	\$ 250,394	\$ (81,227)
Changes for the Year			
Service cost	19,277	-	19,277
Interest	11,584	-	11,584
Differences between expected and actual experience	-	-	-
Contributions - employer	-	13,330	(13,330)
Contributions - employee	-	8,545	(8,545)
Net investment income	-	41,198	(41,198)
Benefit payments, including refunds of employee contributions	(7,355)	(7,355)	-
Administrative expenses	-	(206)	206
Other changes	-	2	(2)
Net Changes	23,506	55,514	(32,008)
Balances at June 30, 2014	<u>\$ 192,673</u>	<u>\$ 305,908</u>	<u>\$ (113,235)</u>

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

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

	(6.00%)	Rate (7.00%)	(8.00%)
Political subdivision's Net Pension Liability	\$ (88,244)	\$ (113,235)	\$ (133,834)

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

For the year ended June 30, 2015, the political subdivision recognized pension expense of \$(143). At June 30, 2015, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	18,535
Employer contributions subsequent to the measurement date	<u>8,948</u>	<u>-</u>
Total	<u>\$ 8,948</u>	<u>\$ 18,535</u>

\$8,948 reported as deferred outflows of resources related to pensions resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended
June 30,**

2016	\$(4,634)
2017	(4,634)
2018	(4,634)
2019	(4,633)
Thereafter	-

18 Fund Balances – Governmental Funds

As of June 30, 2015, fund balances are composed of the following:

<u>Fund</u>	<u>Assigned</u>	<u>Amount</u>
Cemetery Fund	Subsequent years' appropriations	<u>\$28,697</u>
<u>Fund</u>	<u>Restricted</u>	<u>Amount</u>
CDBG	Subsequent years' appropriations	<u>\$ 21</u>

19 Long-Term Commitments

The Town of LaCrosse, Virginia has entered into agreements with the Town of South Hill, Virginia for wastewater treatment capacity. In lieu of signing notes for financing the treatment facility, the Towns negotiated a rate that consists of two payment components. First, there is a flat monthly charge of \$1,456 based on the allotted capacity of the plant. This amount is due until January of 2035. Secondly, there is a variable monthly charge based on consumption. Collectively, the two payments are recorded in the water and sewer funds as sewer treatment expenses.

Long-Term Commitment to the Town of South Hill, Virginia for Operating Agreement

<u>Year(s) Ended June 30,</u>	<u>Water and Sewer Fund Annual Payments</u>
2016	\$ 17,471
2017	17,471
2018	17,471
2019	17,471
2020	17,471
2021-2025	87,355
2026-2030	87,355
2031-2035	<u>78,639</u>
Total	<u>\$ 340,704</u>

There are 234 payments left as of June 30, 2015 for \$1,456 per month.

20 Implementation of GASB Statement No. 65

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

21 Governmental Accounting Standards Board Statement No. 68

In June 2012, the GASB issued Statement No. 68—*Accounting and Financial Reporting Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions not covered by the scope of this Statement. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014.

22 Restatement of Net Position

The following table reflects the restatement of net position due to the implementation of GASB No. 68:

Restatement of Net Position

Beginning balance, June 30, 2014	\$ 913,304
Net pension liability, July 1	81,227
Affect of prior year 2014 contributions	<u>13,330</u>
Restated Net Position, July 1, 2014	<u>\$ 1,007,861</u>

23 Subsequent Events

We have searched for events occurring subsequent to the date of the financial statements that may impact the financial data herein presented. When such events occur, we report the event and estimate, to the best of our ability, the potential measurable impact to the financial data reported. We are not aware of any material events occurring during the period of time that is subsequent to the date of the financial statements up to and including the date of the Independent Auditor's Report.

REQUIRED SUPPLEMENTARY INFORMATION

Town of LaCrosse, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
General Fund				
Revenues				
General Property Taxes				
Real estate and personal property taxes	\$ 110,000	\$ 110,000	\$ 106,212	\$ (3,788)
Total General Property Taxes	110,000	110,000	106,212	(3,788)
Other Local Taxes				
Local sales and use taxes	45,000	45,000	35,183	(9,817)
Motor vehicle licenses	6,000	6,000	6,178	178
Utility taxes and consumption taxes	14,000	14,000	13,026	(974)
Business license taxes	17,500	17,500	22,776	5,276
Meals tax	2,500	2,500	1,841	(659)
Total Other Local Taxes	85,000	85,000	79,004	(5,996)
Revenue from Use of Money and Property				
Rent - water tank antenna	14,736	14,736	12,000	(2,736)
Interest income	-	-	1,991	1,991
Total Revenue from Use of Money and Property	14,736	14,736	13,991	(745)
Charges for Services - Garbage Fees				
Garbage fees	60,500	60,500	59,131	(1,369)
Total Charges for Services - Garbage Fees	60,500	60,500	59,131	(1,369)
Fines and forfeitures				
	130,000	130,000	109,898	(20,102)
Miscellaneous				
Miscellaneous and other refunds	3,700	3,700	10,581	6,881
Police refunds	-	-	231	231
Fire department loan reimbursement	37,500	37,500	61,422	23,922
Fire department expense refund	-	-	1,192	1,192
LaCrosse Fest	1,500	1,500	728	(772)
Total Miscellaneous	42,700	42,700	74,154	31,454

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Variance
With
Final Budget
Positive
(Negative)

Original
Budget

Final
Budget

Actual

Intergovernmental

Revenue from the Commonwealth of Virginia

Noncategorical Aid

Rental tax	200	200	510	310
Communications tax	14,500	14,500	12,258	(2,242)
Law enforcement grant	15,000	15,000	16,798	1,798
Personal Property Tax Relief Act (PPTRA)	-	-	5,393	5,393

Categorical Aid

Fire program	-	-	10,000	10,000
VDOT TEA Grant	-	-	39,550	39,550
Litter prevention	1,100	1,100	1,060	(40)

Total Revenue from the Commonwealth of Virginia	30,800	30,800	85,569	54,769
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Revenue from the Federal Government

-	-	-	-
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Total Intergovernmental Revenue	30,800	30,800	85,569	54,769
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Total Revenues	473,736	473,736	527,959	54,223
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Expenditures

Current

General Government Administration

Town council	2,100	2,100	3,015	(915)
Salaries	49,850	49,850	47,886	1,964
Health insurance	24,500	24,500	37,535	(13,035)
Payroll taxes	16,500	16,500	19,403	(2,903)
Retirement	12,000	12,000	8,948	3,052
Fees	-	-	353	(353)
Legal and accounting	9,077	9,077	9,700	(623)
Insurance and bonds	31,000	31,000	26,664	4,336
Office supplies and postage	8,000	8,000	9,365	(1,365)
Miscellaneous	3,000	3,000	4,262	(1,262)
Advertising	2,000	2,000	1,073	927
Total General Government Administration	158,027	158,027	168,204	(10,177)

Public Safety

Police Department

Salaries and fringes	135,500	135,500	114,330	21,170
Police department expenses	30,000	30,000	41,891	(11,891)
Total Police Department	165,500	165,500	156,221	9,279

Southside Rescue Squad	2,400	2,400	2,400	-
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Fire Department Expenses

Other fire department expenses	73,500	73,500	88,226	(14,726)
Total Fire Department	73,500	73,500	88,226	(14,726)
Total Public Safety	241,400	241,400	246,847	(5,447)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<i>Public Works</i>				
Salaries and fringes	84,000	84,000	95,038	(11,038)
Uniforms	4,500	4,500	5,807	(1,307)
Motor upkeep and fuel	20,000	20,000	39,260	(19,260)
New equipment	8,000	8,000	1,476	6,524
Electricity	15,000	15,000	19,870	(4,870)
Telephone	8,000	8,000	10,018	(2,018)
Town upkeep	19,481	19,481	19,750	(269)
Total Public Works	158,981	158,981	191,219	(32,238)
<i>Parks, Recreation, and Cultural</i>				
Rails to Trails	500	500	500	-
Parks and recreation	3,500	3,500	1,994	1,506
Total Parks, Recreation, and Cultural	4,000	4,000	2,494	1,506
<i>Community Development</i>				
Mecklenburg-Brunswick Regional Airport	1,980	1,980	1,980	-
Lake Country Area on Aging	2,736	2,736	2,952	(216)
LaCrosse Fest	4,000	4,000	1,780	2,220
Total Community Development	8,716	8,716	6,712	2,004
<i>Capital Projects</i>				
LaCrosse Hotel revitalization expense including land	-	-	579	(579)
High Street Planning Grant	-	-	157	(157)
VDOT TEA Grant expenses for hotel	-	-	14,632	(14,632)
Total Capital Projects	-	-	15,368	(15,368)
<i>Debt Service</i>	62,862	62,862	418,906	(356,044)
Total Expenditures	633,986	633,986	1,049,750	(415,764)
Excess (Deficiency) of Revenues Over Expenditures	(160,250)	(160,250)	(521,791)	(361,541)
Other Financing Sources (Uses)				
Proceeds from loans	-	-	338,322	338,322
Transfers from other funds	160,250	160,250	99,875	(60,375)
Total Other Financing Sources (Uses)	160,250	160,250	438,197	277,947
Net Change in Fund Balance	\$ -	\$ -	(83,594)	\$ (83,594)
Fund Balance - Beginning of Year			21,621	
Fund Balance (Deficit) - End of Year			\$ (61,973)	

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
CDBG High Street Fund				
Revenues				
Miscellaneous	\$ -	\$ -	\$ 56,000	\$ 56,000
Intergovernmental				
Revenue from the Federal Government	-	-	77,042	77,042
Total Revenues	-	-	133,042	133,042
Expenditures				
Current				
Community Development				
High Street Project expenditures	-	-	133,217	(133,217)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(175)	(175)
Other Financing Sources (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(175)	<u>\$ (175)</u>
Fund Balance - Beginning of Year			196	
Fund Balance - End of Year			<u>\$ 21</u>	

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Cemetery Fund				
Revenues				
Revenue from Use of Money and Property				
Sale of lots	\$ -	\$ -	\$ 7,900	\$ 7,900
Interest income	-	-	20	20
Total Revenue from Use of Money and Property	-	-	7,920	7,920
Charges for Services				
Cemetery maintenance income	7,000	7,000	7,215	215
Total Revenues	7,000	7,000	15,135	8,135
Expenditures				
Current				
<i>Parks, Recreation, and Cultural</i>				
Cemetery maintenance	-	-	7,267	(7,267)
Total Parks, Recreation, and Cultural	-	-	7,267	(7,267)
Total Expenditures	-	-	7,267	(7,267)
Excess (Deficiency) of Revenues Over Expenditures	7,000	7,000	7,868	868
Other Financing Sources (Uses)				
Transfers to other funds	(7,000)	(7,000)	(7,215)	(215)
Total Other Financing Sources (Uses)	(7,000)	(7,000)	(7,215)	(215)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	653	<u>\$ 653</u>
Fund Balance - Beginning of Year			28,044	
Fund Balance - End of Year			<u>\$ 28,697</u>	

Town of LaCrosse, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability and Related Ratios

Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 19,277
Interest	11,584
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit Payments, including refunds of employee contributions	(7,355)
Net change in total pension liability	23,506
Total pension liability - beginning	169,167
Total pension liability - ending (a)	<u>\$ 192,673</u>
 Plan fiduciary net position	
Contributions - employer	\$ 13,330
Contributions - employee	8,545
Net investment income	41,198
Benefit Payments, including refunds of employee contributions	(7,355)
Administrative expense	(206)
Other	2
Net change in plan fiduciary net position	55,514
Plan fiduciary net position - beginning	250,394
Plan fiduciary net position - ending (b)	<u>\$ 305,908</u>
 Political subdivision's net pension liability - ending (a) - (b)	<u>\$ (113,235)</u>
 Plan fiduciary net position as a percentage of the total pension liability	-58.77%
 Covered--employee payroll	\$ 179,251
 Political subdivision's net pension liability as a percentage of covered-employee payroll	-63.17%

Town of LaCrosse, Virginia

Schedule of Employer Contributions

For the Year Ended June 30, 2015

Date	Contributions in Relation to			Employer's		Contributions as a % of
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered Employee Payroll (4)	Covered Employee Payroll (5)	
2015	\$ 8,948	\$ 8,948	\$ -	\$ 158,451	5.65%	

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered employee payroll

Column 2 – Actual employer contribution remitted to VRS

Column 3 – Employer's covered employee payroll amount for the fiscal year ended June 30, 2015

Town of LaCrosse, Virginia

Notes to Required Supplemental Information

For the Year Ended June 30, 2015

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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

Largest 10 – Non-LEOS:

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

Largest 10 – LEOS:

- Update mortality table
- Decrease in male rates of disability

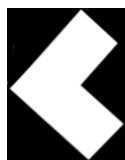
All Others (Non 10 Largest) – Non-LEOS:

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

All Others (Non 10 Largest) – LEOS

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

COMPLIANCE SECTION



**Creedle
Jones
& Alga**

A Professional Corporation

*Robin B. Jones, CPA, CFP
David V. Alga, CPA, CVA, CFF
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Town Council
Town of LaCrosse, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of LaCrosse, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of LaCrosse, Virginia's basic financial statements and have issued our report thereon dated November 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of LaCrosse, 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 the Town of LaCrosse, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of LaCrosse, Virginia's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Creedle, Jones & Alga, P.C.

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

South Hill, Virginia
November 18, 2015