

TOWN OF WAKEFIELD, VIRGINIA

FINANCIAL REPORT

June 30, 2019

TOWN COUNCIL

Oscar E. Parker, III, President

James M. Long, Jr.

Brian K. Wills

Michael W. Kessinger

Wayne O. Jones

H. Lane Chambers, III

TOWN OFFICIALS

Brian M. Laine, Mayor

Anne E. Monahan, Clerk of Council

Patricia B. Carroll, Treasurer

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Wakefield, Virginia as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Wakefield, 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Wakefield, Virginia as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, and pension information on pages 3 through 6 and 41 through 47 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 them to be essential parts of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, on our consideration of Town of Wakefield, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Wakefield, Virginia's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 30, 2019

TOWN OF WAKEFIELD, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

The Town of Wakefield, Virginia (Town) offers readers of the financial statements this narrative overview and analysis of the financial activities of the Town of Wakefield, Virginia for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements following this section.

Overview of Financial Statements

Our discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. As of the year ended June 30, 2019, the Town's financial statements present two types of statements, each with a different snapshot of the Town's finances. The focus is on both the Town as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both short-term and long-term information about the Town's overall financial status. The fund financials focus on the individual part of Town government, reporting the Town's operations in more detail than the government-wide statements, which present a longer-term view. Presentation of both perspectives provides the user a broader overview, enhances of the basis for comparisons, and better reflects the Town's accountability.

Government-Wide Financial Statements

The government-wide financial statements include the *Statement of Net position* and the *Statement of Activities*. These statements provide information about the Town as a whole using the accrual basis of accounting, which is the method used by most private-sector enterprises. All current year revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid. These statements allow readers to answer the question, "Is the Town's position, as a whole, better or worse as a result of the year's activities?"

One of the main goals of these two statements is to report the Town's net position and changes that affected net position during the fiscal year. The change in the Town's net position, the difference between assets and deferred inflows of resources and liabilities and deferred outflows of resources, is one way to measure the Town's financial health, or financial position. Increases or decreases in net position are indicators of whether the Town's financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Town's property tax base and the condition of the Town's infrastructure should also be considered in assessing the overall financial health of the Town.

In the *Statement of Net position* and the *Statement of Activities*, the Town's activities are classified as follows:

Governmental Activities

Most of the Town's basic services are reported here, including general government, judicial administration, public safety, public works, health and welfare, and parks and recreation and cultural departments. Property taxes, other local taxes, and federal and state grants finance most of these activities.

Business-Type Activities

The Town's water, waste disposal and electrical services are reported here as the Town charges a fee to customers designed to cover all the cost of services it provides.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Component Unit

The Town includes a discretely presented component unit in this report, the Airport Commission of the Town of Wakefield. Although legally separate, the component unit is included because the Town of Wakefield is financially accountable for it.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. However, the focus is now on the Town's most significant funds rather than fund types. The fund financial statements begin on page 9 and provide detailed information about the most significant funds, not the Town as a whole. The Town has two types of funds:

Governmental Funds

Most of the Town's basic services are accounted for in the governmental funds. Fund-based statements for these funds focus on how resources flow into and out of those funds and the balances at year-end that are available for future spending. These funds are reported on the modified accrual basis of accounting, which measures cash and other liquid assets that can readily be converted to cash. The governmental funds financial statements provide a detailed short-term overview that helps the reader determine the financial resources that can be spent in the near future to finance the Town's programs. The differences between governmental activities as reported in the government-wide and funds financial statements are reconciled on pages 10 and 12.

Proprietary Funds

When the Town charges customers for services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, utilize the accrual basis of accounting, and their statements provide both short and long-term financial information.

The Town's enterprise fund, one type of proprietary fund, is the same as the government-wide, business-type activities; however, the fund financial statements provide more detail and additional information, such as cash flows. The Town's enterprise fund is the Public Utilities Fund.

Financial Highlights and Analysis

The staff includes six full-time employees and one part-time worker. Seasonal employees are also hired if needed for maintenance work or grass cutting. The Town owns its own electrical and water systems which serve approximately 650 residents. The Town owns a municipal airport and ballpark and owns the building that houses the Wakefield Volunteer Fire Department.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Town of Wakefield, Virginia's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 1,609,687	\$ 1,601,160	\$ 1,609,687	\$ 1,601,160
General revenues:						
General property taxes	84,243	81,548	-	-	84,243	81,548
Other local taxes	361,818	390,657	-	-	361,818	390,657
Other general revenues	13,900	11,249	-	-	13,900	11,249
Recovered costs	4,033	3,695	-	-	4,033	3,695
Miscellaneous	8,316	3,938	39,562	32,547	47,878	36,485
Intergovernmental						
Commonwealth of Virginia	59,466	57,573	-	-	59,466	57,573
Total general revenues	531,776	548,660	39,562	32,547	571,338	586,871
Total revenues	531,776	548,660	1,649,249	1,633,707	2,181,025	2,182,367
Expenses:						
General government						
Administration	288,234	287,102	-	-	288,234	287,102
Public safety	123,416	117,530	-	-	123,416	117,530
Public works	183,967	172,367	-	-	183,967	172,367
Parks, recreation, and cultural	26,266	30,314	-	-	26,266	30,314
Public utilities	-	-	1,333,911	1,260,827	1,333,911	1,289,260
Total expenses	621,883	607,313	1,333,911	1,260,827	1,955,794	1,868,140
Change in net position before transfers	(90,107)	(58,653)	315,338	372,800	225,231	314,227
Transfers	141,616	308,069	(141,616)	(308,069)	-	-
Change in net position	51,509	249,416	173,722	64,811	225,231	314,227
Net position, beginning of year	1,607,794	1,358,378	1,268,858	1,204,047	2,876,652	2,562,425
Net position, end of year	\$ 1,659,303	\$ 1,607,794	\$ 1,442,580	\$ 1,268,858	\$ 3,101,883	\$ 2,876,652

Total revenues decreased from fiscal year 2018 - 2019 by \$1,342. This is primarily because of less meals tax received as a result of two businesses closing in the Town.

Total expenses increased by \$87,654. This is primarily because of an increase in interest expense of \$5,191 as a result of increased borrowings, and increase in depreciation expense of \$27,015 as a result of additions to capital assets, and increase of \$20,654 paid to the Town's electrical services provider, an across-the-board increase of other utility fund operating expenses of \$23,160 and an overall increase in the Town's public works expenses of \$11,600 as a result of various projects undertaken during the year.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Town of Wakefield, Virginia's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 1,363,646	\$ 1,363,964	\$ 382,929	\$ 375,514	\$ 1,746,575	\$ 1,739,478
Capital assets	<u>324,333</u>	<u>270,909</u>	<u>1,448,075</u>	<u>1,153,238</u>	<u>1,772,408</u>	<u>1,424,147</u>
Total assets	<u>\$ 1,687,979</u>	<u>\$ 1,634,873</u>	<u>\$ 1,831,004</u>	<u>\$ 1,528,752</u>	<u>\$ 3,518,983</u>	<u>\$ 3,163,625</u>
Deferred outflows of resources	<u>\$ 9,909</u>	<u>\$ 12,144</u>	<u>\$ 2,647</u>	<u>\$ 2,674</u>	<u>\$ 12,556</u>	<u>\$ 14,818</u>
Current liabilities	\$ 23,991	\$ 19,454	\$ 171,110	\$ 175,771	\$ 195,101	\$ 195,225
Noncurrent liabilities	<u>11,318</u>	<u>13,070</u>	<u>219,086</u>	<u>85,322</u>	<u>230,404</u>	<u>98,392</u>
Total liabilities	<u>\$ 35,309</u>	<u>\$ 32,524</u>	<u>\$ 390,196</u>	<u>\$ 261,093</u>	<u>\$ 425,505</u>	<u>\$ 293,617</u>
Deferred inflows of resources	<u>\$ 3,276</u>	<u>\$ 6,699</u>	<u>\$ 875</u>	<u>\$ 1,475</u>	<u>\$ 4,151</u>	<u>\$ 8,174</u>
Net investment in capital assets	\$ 324,333	\$ 270,909	\$ 1,231,389	\$ 1,072,990	\$ 1,555,722	\$ 1,343,899
Restricted	43,659	41,884	405	-	44,064	41,844
Unrestricted	<u>1,291,311</u>	<u>1,295,001</u>	<u>210,786</u>	<u>195,868</u>	<u>1,502,097</u>	<u>1,490,869</u>
Net position	<u>\$ 1,659,303</u>	<u>\$ 1,607,794</u>	<u>\$ 1,442,580</u>	<u>\$ 1,268,858</u>	<u>\$ 3,101,883</u>	<u>\$ 2,876,652</u>

Net position may serve over time as a useful indicator of the Town's financial position. At the close of the most recent fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$3,101,883 compared to the previous year in which assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,876,652.

A large portion of the Town's net position represents unrestricted net position of \$1,502,097, which may be used to meet the Town's ongoing obligations. In the previous year, unrestricted net position totaled \$1,490,869.

Economic conditions

The Town operates under sound management. The Town continues to make every effort to keep the utility rates down for its customers.

Questions concerning this report or requests for additional information should be directed to the Mayor of the Town of Wakefield, Virginia.

Respectively submitted,

Brian Laine
Mayor

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF WAKEFIELD, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2019

	Primary Government			Discretely Presented Component Unit
	Governmental Activities	Business-type Activities	Total	Airport Commission
ASSETS				
Cash and cash equivalents	\$ 1,311,831	\$ 91,702	\$ 1,403,533	\$ -
Taxes receivable, net	30,258	-	30,258	-
Accounts receivable, net	-	198,687	198,687	13,257
Restricted cash	1,075	92,135	93,210	-
Note receivable:				
Due within one year	11,617	-	11,617	-
Due in more than one year	7,349	-	7,349	-
Net pension asset	1,516	405	1,921	-
Capital assets, net of accumulated depreciation	324,333	1,448,075	1,772,408	1,082,946
	<u>\$ 1,687,979</u>	<u>\$ 1,831,004</u>	<u>\$ 3,518,983</u>	<u>\$ 1,096,203</u>
Total assets				
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>\$ 9,909</u>	<u>\$ 2,647</u>	<u>\$ 12,556</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable and other current liabilities	\$ 22,916	\$ 78,975	\$ 101,891	\$ 17,328
Payable from restricted cash, deposits	1,075	92,135	93,210	-
Noncurrent liabilities:				
Due within one year	11,318	55,496	66,814	-
Due in more than one year	-	163,590	163,590	-
	<u>\$ 35,309</u>	<u>\$ 390,196</u>	<u>\$ 425,505</u>	<u>\$ 17,328</u>
Total liabilities				
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>\$ 3,276</u>	<u>\$ 875</u>	<u>\$ 4,151</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 324,333	\$ 1,231,389	\$ 1,555,722	\$ 1,066,374
Restricted for pension	1,516	405	1,921	-
Restricted for permanent fund	42,143	-	42,143	-
Unrestricted	1,291,311	210,786	1,502,097	12,501
	<u>\$ 1,659,303</u>	<u>\$ 1,442,580</u>	<u>\$ 3,101,883</u>	<u>\$ 1,078,875</u>
Total net position				

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

TOWN OF WAKEFIELD, VIRGINIA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			Component Unit Airport Commission
		Charges For Services	Operating Grants and Contributions	Primary Government			
				Governmental Activities	Business-Type Activities	Total	
PRIMARY GOVERNMENT							
Governmental activities:							
General government administration	\$ 288,234	\$ -	\$ -	\$ (288,234)	\$ -	\$ (288,234)	\$ -
Public safety	123,416	-	-	(123,416)	-	(123,416)	-
Public works	183,967	-	-	(183,967)	-	(183,967)	-
Parks, recreation and cultural	26,266	-	-	(26,266)	-	(26,266)	-
Total governmental activities	621,883	-	-	(621,883)	-	(621,883)	-
Business-type activities:							
Public utility	1,333,911	1,609,687	-	-	275,776	275,776	-
Total business-type activities	1,333,911	1,609,687	-	-	275,776	275,776	-
Total primary government	\$ 1,955,794	\$ 1,609,687	\$ -	(621,883)	275,776	(346,107)	-
COMPONENT UNIT							
Airport Commission	\$ 172,711	\$ 113,373	\$ 97,713	-	-	-	38,375
GENERAL REVENUES							
General property taxes				84,243	-	84,243	-
Other local taxes				361,818	-	361,818	-
Revenues from use of money and property				8,216	-	8,216	-
Permits, privilege fees, and regulatory licenses				90	-	90	-
Fines and forfeitures				5,594	-	5,594	-
Recovered costs				4,033	-	4,033	-
Miscellaneous				8,316	39,562	47,878	-
Intergovernmental - Commonwealth of Virginia				59,466	-	59,466	-
Contributions from the Town of Wakefield				-	-	-	9,040
Transfers, net				141,616	(141,616)	-	-
Total general revenues and transfers				673,392	(102,054)	571,338	9,040
Change in net position				51,509	173,722	225,231	47,415
Net position, beginning of year				1,607,794	1,268,858	2,876,652	1,031,460
Net position, end of year				\$ 1,659,303	\$ 1,442,580	\$ 3,101,883	\$ 1,078,875

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

TOWN OF WAKEFIELD, VIRGINIA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2019

	General Fund	Non-Major Permanent Fund	Total Governmental Funds
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 1,269,668	\$ 42,163	\$ 1,311,831
Taxes receivable, net	30,258	-	30,258
Restricted cash	1,075	-	1,075
	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,301,001	\$ 42,163	\$ 1,343,164
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other current liabilities	\$ 22,896	\$ 20	\$ 22,916
Payable from restricted cash, deposits	1,075	-	1,075
	<hr/>	<hr/>	<hr/>
Total current liabilities	23,971	20	23,991
	<hr/>	<hr/>	<hr/>
FUND BALANCES			
Restricted	-	2,143	2,143
Committed	-	40,000	40,000
Unassigned	1,277,030	-	1,277,030
	<hr/>	<hr/>	<hr/>
Total fund balances	1,277,030	42,143	1,319,173
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 1,301,001	\$ 42,163	\$ 1,343,164
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

TOWN OF WAKEFIELD, VIRGINIA

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2019**

Total fund balances, governmental funds	\$ 1,319,173
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation.	<u>324,333</u>
Some receivables reported in the Statement of Net Position, such as notes receivable, do not provide current financial resources and therefore are not accrued as receivables in governmental funds.	<u>18,966</u>
Some assets and deferred outflows of resources reported in the statement of net position do not provide current financial resources and therefore are not accrued as assets or deferred in the governmental funds.	
Net pension asset	1,516
Deferred pension contributions	9,247
Differences between expected and actual pension experience	<u>662</u>
	<u>11,425</u>
Some liabilities and deferred inflows of resources reported in the statement of net position do not require the use of current financial resources and therefore are not accrued as liabilities or deferred in the governmental funds.	
Compensated absences	(11,318)
Deferred pension investment experience	<u>(3,276)</u>
	<u>(14,594)</u>
Net position of governmental activities	<u><u>\$ 1,659,303</u></u>

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

TOWN OF WAKEFIELD, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Non-Major Permanent Fund</u>	<u>Total Governmental Funds</u>
OPERATING REVENUES			
General property taxes	\$ 84,243	\$ -	\$ 84,243
Other local taxes	361,818	-	361,818
Revenues from use of money and property	8,116	100	8,216
Permits, privilege fees, and regulatory licenses	90	-	90
Fines and forfeitures	5,594	-	5,594
Recovered costs	4,033	-	4,033
Miscellaneous	8,316	-	8,316
Intergovernmental - Commonwealth of Virginia	59,466	-	59,466
	<u>531,676</u>	<u>100</u>	<u>531,776</u>
Total revenues			
	<u>531,676</u>	<u>100</u>	<u>531,776</u>
OPERATING EXPENDITURES			
Current:			
General government administration	279,623	-	279,623
Public safety	95,419	-	95,419
Public works	145,024	21,215	166,239
Parks, recreation and cultural	26,266	-	26,266
Capital projects	111,631	-	111,631
	<u>657,963</u>	<u>21,215</u>	<u>679,178</u>
Total expenditures			
	<u>657,963</u>	<u>21,215</u>	<u>679,178</u>
Deficiency of revenues under expenditures	(126,287)	(21,115)	(147,402)
	<u>(126,287)</u>	<u>(21,115)</u>	<u>(147,402)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	141,616	21,374	162,990
Operating transfers out	(21,374)	-	(21,374)
Note receivable repayments	11,387	-	11,387
	<u>131,629</u>	<u>21,374</u>	<u>153,003</u>
Total other financing sources			
	<u>131,629</u>	<u>21,374</u>	<u>153,003</u>
Excess of revenues and other financing sources over expenditures and other financing uses	5,342	259	5,601
	<u>5,342</u>	<u>259</u>	<u>5,601</u>
Fund balance, beginning of year	1,271,688	41,884	1,313,572
	<u>1,271,688</u>	<u>41,884</u>	<u>1,313,572</u>
Fund balances, end of year	<u>\$ 1,277,030</u>	<u>\$ 42,143</u>	<u>\$ 1,319,173</u>

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

TOWN OF WAKEFIELD, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO STATEMENT OF ACTIVITIES
Year Ended June 30, 2019**

Net change in fund balances, total governmental funds	\$	5,601
Amounts reported for governmental activities in the statement of activities are different because:		
Repayments on notes receivable to other entities are reported as revenues in the governmental fund statement of revenues, expenditures, and changes in fund balances. However, these are not reported on the Statement of Activities and are instead reported as receivable reduction on the Statement of Net Position.		(11,387)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.		53,424
Some expenses and expense recoveries reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in compensated absences		1,752
Change in pension and pension, related deferred amounts		2,119
		3,871
Change in net position of governmental activities	\$	51,509

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

PROPRIETARY FUND FINANCIAL STATEMENTS

TOWN OF WAKEFIELD, VIRGINIA

STATEMENT OF NET POSITION - ENTERPRISE FUND

June 30, 2019

	Public Utilities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 91,702
Accounts receivable, net	198,687
	<hr/>
Total current assets	290,389
	<hr/>
NONCURRENT ASSETS	
Restricted cash	92,135
Net pension asset	405
Capital assets, net of accumulated depreciation	1,448,075
	<hr/>
Total noncurrent assets	1,540,615
	<hr/>
Total assets	<u><u>\$ 1,831,004</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u><u>\$ 2,647</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable and other current liabilities	\$ 78,975
Notes payable, current portion	53,096
Compensated absences	2,400
	<hr/>
Total current liabilities	134,471
	<hr/>
NONCURRENT LIABILITIES	
Payable from restricted cash, deposits	92,135
Notes payable, less current portion	163,590
	<hr/>
Total noncurrent liabilities	255,725
	<hr/>
Total liabilities	<u><u>\$ 390,196</u></u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	<u><u>\$ 875</u></u>
NET POSITION	
Net investment in capital assets	\$ 1,231,389
Restricted for pension	405
Unrestricted	210,786
	<hr/>
Total net position	<u><u>\$ 1,442,580</u></u>

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

TOWN OF WAKEFIELD, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ENTERPRISE FUND
Year Ended June 30, 2019**

	Public Utilities
OPERATING REVENUES	
Charges for services	\$ 1,609,687
OPERATING EXPENSES, other than depreciation:	
Purchase of electricity	960,282
Other contractual services	105,004
Salaries	52,962
Maintenance and repairs	45,629
Benefits	20,224
Materials and supplies	17,666
Office expense	7,660
Fuel	4,252
Dues	2,435
Utilities	2,165
Professional services	1,176
Rent	225
Total operating expenses, other than depreciation	1,219,680
Operating income before depreciation	390,007
Depreciation	(104,838)
Operating income	285,169
NONOPERATING REVENUES (EXPENSES)	
Penalty charges	23,977
Miscellaneous revenues	5,585
Connection fees	5,513
State consumption and regulatory tax, net	4,308
Interest income	179
Interest expense	(9,393)
Total nonoperating revenues	30,169
Income before operating transfers	315,338
OPERATING TRANSFERS	
Operating transfers out	(141,616)
Change in net position	173,722
Net position, beginning of year	1,268,858
Net position, end of year	\$ 1,442,580

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

TOWN OF WAKEFIELD, VIRGINIA

STATEMENT OF CASH FLOWS - ENTERPRISE FUND

Year Ended June 30, 2019

	Public Utilities
OPERATING ACTIVITIES	
Received from customers and users	\$ 1,608,011
Payments to suppliers for goods and services	(1,171,663)
Payments to employees	(56,485)
Net cash provided by operating activities	379,863
NONCAPITAL FINANCING ACTIVITIES	
Operating transfers out, net	(141,616)
CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(399,675)
Proceeds from issuance of long-term debt	250,000
Payments on long-term debt	(113,562)
Interest expense	(9,393)
Penalty charges	23,977
Miscellaneous revenues	5,585
Connection fees	5,513
State consumption and regulatory tax, net	4,308
Net cash used by capital and related financing activities	(233,247)
INVESTING ACTIVITIES	
Interest income	179
Net increase in cash and cash equivalents	5,179
CASH AND CASH EQUIVALENTS	
Beginning of year	178,658
End of year	\$ 183,837
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 91,702
Restricted cash	92,135
	\$ 183,837

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

TOWN OF WAKEFIELD, VIRGINIA

STATEMENT OF CASH FLOWS - ENTERPRISE FUND
Year Ended June 30, 2019

(Continued)

	Public Utilities
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 285,169
Adjusting to reconcile operating income to net cash provided by operating activities:	
Depreciation	104,838
Change in current assets and liabilities:	
Accounts receivable	(1,960)
Accounts payable and accrued liabilities	(4,945)
Payable from restricted cash, deposits	284
Net pension asset/liability and related deferred inflows/outflows of resources	(849)
Compensated absences	(2,674)
Net cash provided by operating activities	<u>\$ 379,863</u>
SUPPLEMENTAL DISCLOSURES	
Cash paid for interest	<u>\$ 9,393</u>

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

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

1. Summary of Significant Accounting Policies

Reporting entity

Primary government

The Town of Wakefield, Virginia (Town) is a political subdivision of the Commonwealth of Virginia (Commonwealth) governed by a six-member elected Town Council. The accompanying financial statements for the primary government and its component unit are prepared in accordance with the accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

Beginning July 1, 2003, the Town implemented GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements- and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Disclosures*. These statements were developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes the following:

- Management's Discussion and Analysis (MD&A) - MD&A introduces the basic financial statements and provides an analytical overview of the primary government's financial activities. It describes the currently known facts, decisions or conditions that are expected to have a significant effect on financial position or results of operations.
- Basic Financial Statements - The basic financial statements include both government-wide and fund financial statements and notes. The notes are an integral part of the financial statements and communicate information not displayed on the face of the statements that is essential for their fair presentation.
- Required Supplementary Information (RSI) - RSI reports other types of data required by GASB. RSI for the Town consists of MD&A and budgetary comparison statements.

In accordance with GASB Statement No. 34, the basic financial statements are comprised of both government-wide and fund financial statements.

Fund balance

Beginning July 1, 2010, the Town has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable

Amounts that cannot be spent either because they are not in a 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 the Town Charter, Town Code, state or federal laws, or externally imposed conditions by grantors or creditors.

Committed

Amounts that can be used only for specific purposes determined by a formal action by the Town Council ordinance or resolution.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Assigned

Amounts that are designated by the Mayor for a specific purpose but are not spendable until a budget ordinance is passed by the Town Council.

Unassigned

All amounts not included in other spendable classifications.

The details of the fund balances are included in the Governmental Funds Balance Sheet (page 9). Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure Town has been budgeted by the Town Council or the Assignment has been changed by the Mayor. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, the Assigned and Committed Fund Balances are used in that order.

General fund

The General Fund has Unassigned Fund Balance of \$1,277,030 at June 30, 2019.

Other major fund

The Permanent Fund has Restricted Funds of \$2,143 at June 30, 2019, consisting of funds donated by residents for the purpose of Cemetery repairs and maintenance. The Permanent Fund also has Committed Funds of \$40,000, which was set aside by the Council, the earnings on which are to be similarly used for Cemetery repairs and maintenance.

Discretely presented component unit

For financial reporting purposes, in conformance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34*, the Town includes all funds, agencies, boards, commissions and authorities for which the Town is financially accountable.

Financial accountability was determined on the basis of budget adoption, taxing Town, outstanding debt secured by revenues or general obligations of the Town, obligation of the Town to finance any deficits that may occur, or receipt of significant subsidies from the Town.

Based on the foregoing criteria, the Airport Commission is included in the accompanying financial statements. There are no other component units whose financial activities would appropriately be included in the accompanying financial statements.

Government-wide and fund financial statements

There are two basic government-wide statements, the statement of net position and the statement of activities, which report information on all of the nonfiduciary activities of the Town and its component unit. These two statements report governmental activities, which are normally supported by taxes and intergovernmental revenues, separately from business-type activities, which rely primarily on fees and charges for services. Fiduciary activities are not reported in the government-wide statements because the resources are not available to support government programs. In addition to separately presenting business-type activities and governmental activities, the government-wide financial statements present a consolidated total column for the primary government. The government-wide financial statements are consolidated; therefore, the effect of interfund activity has been removed from these statements. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

1. Summary of Significant Accounting Policies (Continued)

The statement of activities presents a comparison between direct expenses of a function and program revenues. Direct expenses are those that are specifically associated with a specific function or segment. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the function or segment and b) grants and contributions that are restricted to meet the operating or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements are provided to separately present governmental funds, proprietary funds and fiduciary funds (the latter being excluded from the government-wide financial statements). All individual governmental funds and the enterprise fund are reported separately in the fund financial statements.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus attempts to match revenues and related costs. The accrual basis of accounting recognizes revenues as they are earned and expenses are recognized when a liability is incurred.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The current financial resources measurement focus does not attempt to match revenues and related costs; instead the focus is on increases and decreases in current financial resources. The modified accrual basis of accounting recognizes revenue when measurable and available. That is, revenues are recognized to the degree they are available to finance expenditures of the current fiscal period. Generally, revenues are considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter.

Accordingly, real and personal property taxes are recorded as revenues and receivables when billed and displayed at year end, net of an allowance for uncollectible amounts. Sales and utility taxes, which are collected by the Commonwealth or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the Commonwealth or utility, which is generally one month preceding receipt by the Town. Licenses, permits and fines are recorded as revenues when received by the Town. Intergovernmental revenues, consisting primarily of the Town's share of Alcohol and Beverage Control profits, are recognized when received. Revenues from general purpose grants are recognized in the period to which the grant applies. Expenditures are recorded as the related fund liabilities are incurred.

With the fund financial statements, two reconciliations are provided to explain the difference between the fund financial statements and the government-wide financial statements caused by these differences in measurement focus and basis of accounting.

The Town reports the following governmental funds:

General fund

The General Fund 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 from general property taxes, other local taxes, licenses and permits and intergovernmental revenues. Primary expenditures are for public safety, public works, recreation and cultural, and the general administration of the Town.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Permanent fund

The Permanent Fund accounts for assets held by a governmental unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The Cemetery Fund, a nonexpendable permanent fund, accounts for monies derived from the sale of cemetery lots.

The Town reports the following proprietary fund:

Enterprise fund

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services. The Town's enterprise fund accounts for the operations of water, waste disposal, and electrical services. Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as contributions and investment earnings, result from non-exchange transactions or ancillary activities.

Budget and budgetary accounting

The Town's annual operating budgets for the General and Proprietary Funds are adopted by ordinances and resolutions passed by Town Council. The budgets are prepared on the basis of accounting utilized in each fund type. All appropriations lapse at year-end to the extent that they have not been fully expended. Public hearings are conducted to obtain citizen comments. Prior to July 1, the General Fund budget is legally enacted through passage of an appropriations resolution. All General Fund budget data presented in the accompanying financial statements represents the revised budget as of June 30, 2019. The Proprietary Fund budget is not legally adopted but is used as a management tool to track the results of operations.

Budgetary comparisons

The General Fund Schedules of Revenues and Expenditures - Budget and Actual presented in Required Supplementary Information (RSI) - compares budget and actual data for all governmental funds for which a budget is adopted. A review of the budgetary comparison presented herein will disclose how accurately the governing body was able to forecast the revenues and expenditures of the Town.

Cash and cash equivalents

The Town's cash and cash equivalents consist principally of demand deposits and certificates of deposit. The *Code of Virginia (1950)*, as amended, considers all certificates of deposit to be cash. However, for the statement of cash flows, only demand deposits and certificates of deposit with an original maturity date at the time of purchase of three months or less are considered to be cash and cash equivalents.

Receivables

The Town recognizes receivables in its various funds based on the accounting basis required for that fund. Allowances are provided, as appropriate, for possible uncollectible accounts.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Compensated absences

Employees of the Town are granted vacation pay in varying amounts as services are provided. Town employees may accumulate, subject to certain limitations, unused vacation, and upon separation of employment from the Town, may be compensated for certain amounts. The Town's cost of accumulated vacation pay expected to be paid in the future is accounted for as a noncurrent liability in the Statement of Net position.

Interfund transactions

Transactions that constitute reimbursement to a fund for expenditures/expenses initially made on behalf of another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are recorded as operating transfers.

Credit risk

Financial instruments which potentially subject the Town to concentration of credit risk consist principally of temporary cash investments. The Town places its temporary cash investments with high credit quality financial institutions. At June 30, 2019, the Town's cash funds were located in two financial institutions. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Town's customer base.

Allowance for uncollectible accounts

As a matter of policy, based on historical collection data and the relatively small sums involved, the Town establishes its allowance for uncollectible accounts based on delinquent real estate and personal property taxes receivable at June 30 of each year. The allowance was \$9,061 at June 30, 2019.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates and assumptions.

Capital assets

Capital assets include land and land improvements and buildings and building improvements, equipment and vehicles. Any asset or group of assets acquired by the Town that has a useful life in excess of two years and an acquisition cost or fair market value (when received) of at least \$1,000 are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Such assets are recorded at historical, or estimated historical, cost if constructed or purchased. Donated capital assets are recorded at fair market value at the date of donation. Capital assets are depreciated over their estimated useful lives, ranging from 5 to 25 years, using the straight-line method as follows:

Land improvements	7 - 20 years
Equipment	5 - 15 years
Vehicles	5 - 15 years

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

1. Summary of Significant Accounting Policies (Continued)

Capital assets (Continued)

When capital assets are disposed, the related costs and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized in the current year's operations.

Maintenance and ordinary repairs are charged to expense as incurred. Expenditures which materially increase values, change capacities or extend useful lives are capitalized.

Certain capital items, including buildings, that would have been fully depreciated at the time the Town adopted GASB 34 are not being depreciated as described above (as they had no remaining book value at the time of adoption).

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.

Subsequent events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through September 30, 2019, the date the financial statements were issued.

2. Cash and Cash Equivalents

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.

At June 30, 2019, the carrying value of the Town's deposits with banks and savings institutions was \$1,496,743 and the bank balance was \$1,565,046. Of the bank balance, \$500,000 was covered by Federal depository insurance. Cash and deposits consist of the following:

Total deposits	\$ 1,496,643
Total cash on hand	<u>100</u>
	<u>\$ 1,496,743</u>

The Town has no formal investment policy.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

3. Property Taxes Receivable

The Town levies real estate taxes on all real property and mobile homes on a calendar year basis at the rate enacted by Town Council. The rate is applied to the assessed value of property as determined by the appraised value established by Sussex County. The taxes are billed by the Town on an annual basis and are due February 5, of the following year. The tax rate for the fiscal year ended June 30, 2019 was \$.093 per \$100 of assessed value. This rate also applied to public service corporations.

The Town levies personal property taxes on motor vehicles and tangible personal property used in a trade or business. Taxes are billed on an annual basis and are due February 5, of the following year. The tax rate for the fiscal year ended June 30, 2019 was \$.86, for both personal property and machinery and tools, per \$100 of assessed value, as determined by Sussex County.

Assessed values used for the fiscal year were as follows:

Real estate	\$ 52,194,712
Personal property	\$ 5,803,895
Public service corporations	\$ 4,313,933

4. Capital Assets

Capital assets activity for the year was as follows:

	Beginning July 1 2018	Additions	Reductions	Ending June 30, 2019
Governmental activities				
Capital assets not subject to depreciation:				
Land	\$ 60,983	\$ 10,500	\$ -	\$ 71,483
Capital assets being depreciated:				
Land improvements	160,358	85,900	-	246,258
Equipment	179,382	15,230	-	194,612
Vehicles	426,969	-	-	426,969
Total capital assets being depreciated	766,709	111,630	-	867,839
Accumulated depreciation:				
Land improvements	(89,201)	(12,482)	-	(101,683)
Equipment	(109,829)	(17,727)	-	(127,556)
Vehicles	(357,753)	(27,997)	-	(385,750)
Total accumulated depreciation	(556,783)	(58,206)	-	(614,989)
Total capital assets being depreciated, net	209,926	53,424	-	252,850
Governmental activities capital assets, net	\$ 270,909	\$ 63,924	\$ -	\$ 324,333

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

4. Capital Assets (Continued)

	Beginning July 1 2018	Additions	Reductions	Ending June 30, 2019
Business-type activities				
Capital assets not subject to depreciation:				
Land	\$ 35,500	\$ -	\$ -	\$ 35,500
Capital assets being depreciated:				
Land improvements	1,320	-	-	1,320
Vehicles	24,930	-	-	24,930
Equipment	1,017,716	-	-	1,017,716
Infrastructure	<u>775,775</u>	<u>399,675</u>	<u>-</u>	<u>1,175,450</u>
Total capital assets being depreciated	<u>1,819,741</u>	<u>399,675</u>	<u>-</u>	<u>2,219,416</u>
Accumulated depreciation:				
Land improvements	(378)	(189)	-	(567)
Vehicles	(22,626)	-	-	(22,626)
Equipment	(297,509)	(50,471)	-	(347,980)
Infrastructure	<u>(381,490)</u>	<u>(54,178)</u>	<u>-</u>	<u>(435,668)</u>
Total accumulated depreciation	<u>(702,003)</u>	<u>(104,838)</u>	<u>-</u>	<u>(806,841)</u>
Total capital assets being depreciated, net	<u>1,117,738</u>	<u>294,837</u>	<u>-</u>	<u>1,412,575</u>
Business-type activities capital assets, net	<u>\$ 1,153,238</u>	<u>\$ 294,837</u>	<u>\$ -</u>	<u>\$ 1,448,075</u>

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

Government activities

General government administration	\$ 12,482
Public works	17,728
Public safety	<u>27,996</u>
	<u>\$ 58,206</u>

Business-type activities

Public utility	<u>\$ 104,838</u>
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(Continued)

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

4. Capital Assets (Continued)

In addition to the assets listed above, the Town owns several parcels of real estate, the original value of which is nominal and, as such, is not presented herein.

	<u>Beginning Balance July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2019</u>
Discretely Presented Component Unit				
Airport Commission				
Capital assets not subject to depreciation:				
Construction in progress	\$ -	\$ 65,041	\$ -	\$ 65,041
Capital assets being depreciated:				
Hangers and building improvements	\$ 1,408,835	\$ 49,420	\$ -	\$ 1,458,435
Runway improvements	352,462	-	-	352,462
Equipment	<u>55,851</u>	<u>1,813</u>	<u>-</u>	<u>57,664</u>
Total capital assets being depreciated	<u>1,817,148</u>	<u>51,233</u>	<u>-</u>	<u>1,868,561</u>
Accumulated depreciation:				
Hangers and buildings improvements	(428,090)	(52,178)	-	(480,268)
Runway improvements	(305,748)	(12,019)	-	(317,767)
Equipment	<u>(50,192)</u>	<u>(2,429)</u>	<u>-</u>	<u>(52,621)</u>
Total accumulated depreciation	<u>(784,030)</u>	<u>(66,626)</u>	<u>-</u>	<u>(850,656)</u>
Total capital assets being depreciated, net	<u>1,033,118</u>	<u>(15,393)</u>	<u>-</u>	<u>1,017,905</u>
Airport Commission assets, net	<u>\$ 1,033,118</u>	<u>\$ 49,828</u>	<u>\$ -</u>	<u>\$ 1,082,946</u>

Depreciation expense charged to functions of the discretely presented component unit was \$66,626.

	<u>Incurred through June 30, 2019</u>	<u>Committed at June 30, 2019</u>
Construction in process consists of the following:		
Terminal Apron Rehab	\$ 65,041	\$ 10,080

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

5. Note Receivable

During FY 2011, the Town loaned \$104,000 to the Wakefield Volunteer Fire Department for the purpose of purchasing a new brush truck. The note is payable in ten annual installments of \$12,000, including interest at 2.0%. The outstanding balance of the note receivable was \$18,966 at June 30, 2019.

6. Note Payable

The Town obtained a \$350,000 loan from Farmer's Bank to fund the new substation project. The total loan amount was received in July 17, 2014, bears interest at a rate of 3.5% and is due in monthly installments through July 2019.

In 2019, the Town obtained a \$250,000 loan from Farmer's Bank to fund an electrical line upgrade. The total loan amount was received in August 31, 2018, bears interest at a rate of 4% and is due in monthly installments through August 2023.

Total aggregate annual principal maturities for the years subsequent to June 30, 2019 are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2020	\$ 53,096
2021	49,669
2022	51,693
2023	53,799
2024	<u>8,429</u>
	<u>\$ 216,686</u>

7. Noncurrent Liabilities

	<u>Beginning Balance July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 13,070	\$ 8,329	\$ (10,081)	\$ 11,318	\$ 11,318
Business-type Activities					
Note payable	\$ 80,248	\$ 250,000	\$ (113,562)	\$ 216,686	\$ 53,096
Compensated absences	<u>5,074</u>	<u>3,200</u>	<u>(5,874)</u>	<u>2,400</u>	<u>2,400</u>
Total business-type activities	<u>\$ 85,322</u>	<u>\$ 253,200</u>	<u>\$ (119,436)</u>	<u>\$ 219,086</u>	<u>\$ 55,496</u>

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan

The Town contributes to the Virginia Retirement System (VRS), an agent, multiple-employer defined benefit pension plan administered by the VRS.

Plan description

All full-time, salaried permanent (professional) employees of the Town are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. The Political Subdivision Retirement Plans are an agent, multiple-employer plan. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, 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 below:

VRS PLAN 1

About VRS Plan 1

VRS Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

Eligible members

Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid opt-in election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

Retirement contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan (Continued)

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.

Calculating the benefit

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

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

Average final compensation

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

Service retirement multiplier

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

Normal retirement age

Age 65. Political subdivisions hazardous duty employees: Age 60.

Earliest unreduced retirement eligibility

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

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

Earliest reduced retirement eligibility

Members who are not in hazardous duty positions may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Hazardous duty members are eligible for a reduced retirement benefit at 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.

Exceptions to COLA effective dates

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

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

Disability coverage

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

Purchase of prior service

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

VRS PLAN 2

About VRS Plan 2

VRS Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Eligible members

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

Hybrid opt-in election

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

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

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

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

Retirement contributions

Same as VRS Plan 1.

Creditable service

Same as VRS Plan 1.

Vesting

Same as VRS Plan 1.

Calculating the benefit

See definition under VRS Plan 1.

Average final compensation

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

Service retirement multiplier

Same as VRS 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. The retirement multiplier for sheriffs and regional jail superintendents and for hazardous duty employees is the same as VRS Plan 1.

Normal retirement age

Normal Social Security retirement age. Political subdivisions hazardous duty employees: same as VRS Plan 1.

Earliest unreduced retirement eligibility

Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: same as VRS Plan 1.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Earliest reduced retirement eligibility

Members who are not in hazardous duty positions 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: same as VRS 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 VRS Plan 1

Exceptions to COLA effective dates

Same as VRS Plan 1

Disability coverage

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

Purchase of prior service

Same as VRS Plan 1.

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.

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

****Non-eligible members***

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

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

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

8. Defined Benefit Pension Plan (Continued)

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

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. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined contributions component

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

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

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

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

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Distribution is not required by law until age 70½.

Calculating the benefit

Defined benefit component

See definition under VRS Plan 1

Defined contribution component

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

Average final compensation

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

Service retirement multiplier

Defined benefit component

The retirement multiplier is 1.0%.

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

The retirement multiplier for sheriffs and regional jail superintendents and political subdivision hazardous duty employees is not applicable.

Defined contribution component

Not applicable.

Normal retirement age

Defined benefit component

Same as VRS Plan 2.

Normal retirement age for political subdivision hazardous duty employees is not applicable.

Defined contribution component

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

Earliest unreduced retirement eligibility

Defined benefit component

Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Earliest unreduced retirement eligibility for political subdivisions hazardous duty employees is not applicable.

Defined contribution component

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

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Earliest reduced retirement eligibility

Defined benefit component

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. Earliest reduced retirement eligibility for political subdivisions hazardous duty employees is 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 VRS plan 2.

Defined contribution component

Not applicable.

Eligibility

Same as VRS plan 1 and VRS plan 2.

Exceptions to COLA effective dates

Same as VRS Plan 1 and VRS Plan 2.

Disability coverage

Employees of eligible political subdivisions (including VRS Plan 1 and VRS Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members.

Hybrid members (including VRS Plan 1 and VRS 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 VRS Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined contribution component

Not applicable.

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Employees covered by benefit terms

As of the June 30, 2017, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	<u>2</u>
Inactive members:	
Vested	0
Non-vested	0
Active elsewhere in VRS	<u>1</u>
Total inactive members	<u>1</u>
Active members	<u>3</u>
	<u><u>6</u></u>

Contributions

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2019 was 8.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$11,717 for the year ended June 30, 2019.

Net pension asset

The net pension asset is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

Actuarial assumptions

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

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

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

8. Defined Benefit Pension Plan (Continued)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 – Non-Hazardous Duty:

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

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

8. Defined Benefit Pension Plan (Continued)

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

- Mortality rates: Update to more current mortality table – RP-2014 projected to 2020
- Retirement rates: Lowered rates at older ages and changed final retirement from 70 to 75
- Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: Lowered rates
- Salary scale: No change
- Line of Duty Disability: Increase rate from 14% to 15%

Long-term expected rate of return

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

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

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

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever was greater. From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Changes in net pension asset

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (b) - (a)
Balances at June 30, 2017	\$ 452,488	\$ 453,202	\$ (714)
Changes for the year:			
Service cost	21,167	-	21,167
Interest	30,990	-	30,990
Differences between expected and actual experience	1,695	-	1,695
Contributions, employer	-	14,522	(14,522)
Contributions, employee	-	7,290	(7,290)
Net investment income	-	33,559	(33,559)
Benefit payments, including refunds of employee contributions	(19,538)	(19,538)	-
Administrative expense	-	(282)	282
Other changes	-	(30)	30
Net changes	34,314	35,521	(1,207)
Balances at June 30, 2018	\$ 486,802	\$ 488,723	\$ (1,921)

(Continued)

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Sensitivity of the net pension asset to changes in the discount rate

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension asset (liability)	\$ (43,849)	\$ 1,921	\$ 41,716

Pension expense and eferred outflows of resources and deferred inflows of resources related to pensions

For the year ending June 30, 2019, the Town recognized pension expense of \$8,749. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 839	\$ 226
Changes in assumptions	-	71
Employer contributions made subsequent to measurement date	11,717	-
Net difference between projected and actual earnings on plan investments	-	3,854
	<u>\$ 12,556</u>	<u>\$ 4,151</u>

Deferred outflows of resources of \$11,717 represent the Town's contributions subsequent to the measurement date and will be recognized as an increase to the net pension asset in the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions as of June 30, 2019, will be recognized in pension expense in future reporting periods as follows:

<u>Year Ending June 30,</u>	
2020	\$ 2,009
2021	(387)
2022	(4,580)
2023	(354)
	<u>\$ (3,312)</u>

(Continued)

TOWN OF WAKEFIELD, VIRGINIA
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2019

8. Defined Benefit Pension Plan (Continued)

Pension plan data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

9. Commitments

Law enforcement

The Town contracts with the County of Sussex to provide law enforcement services and equipment. The Town pays a monthly fee for all services and equipment; however, the agreement can be terminated upon 90 days written notice.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

TOWN OF WAKEFIELD, VIRGINIA

**GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CASH BASIS)
Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE FROM LOCAL SOURCES				
General property taxes:				
Personal property taxes	\$ 24,400	\$ 24,400	23,289	\$ (1,111)
Real property taxes	48,750	48,750	48,314	(436)
Machinery and tools taxes	7,500	7,500	7,250	(250)
Public service corporations (real and personal property taxes)	4,240	4,240	4,012	(228)
Penalties	750	750	1,268	518
Mobile home taxes	190	190	110	(80)
Total general property taxes	<u>85,830</u>	<u>85,830</u>	<u>84,243</u>	<u>(1,587)</u>
Other local taxes:				
Meals taxes, net of 3% reimbursement	243,250	243,250	235,596	(7,654)
Local sales and use taxes	55,000	55,000	54,303	(697)
Franchise license taxes	30,000	30,000	33,941	3,941
Communication taxes	16,500	16,500	15,259	(1,241)
Motor vehicle licenses	7,250	7,250	9,376	2,126
Cigarette tax	28,000	28,000	28,740	740
Total other local taxes	<u>380,000</u>	<u>380,000</u>	<u>377,215</u>	<u>(2,785)</u>
Revenue from use of money and property:				
Revenue from use of money	1,957	1,957	3,667	1,710
Revenue from use of property	5,336	5,336	3,836	(1,500)
Total revenue from use of money and property	<u>7,293</u>	<u>7,293</u>	<u>7,503</u>	<u>210</u>
Permits, privilege fees, and regulatory licenses:				
Trailer permits and golf cart licenses	170	170	90	(80)
Fines and forfeitures:				
Town fines	1,500	1,500	5,594	4,094

See Independent Auditor's Report and Notes to Required Supplementary Information.

TOWN OF WAKEFIELD, VIRGINIA

GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (CASH BASIS) (Continued)
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Recovered costs:				
Insurance recoveries	\$ 1,500	\$ 1,500	\$ 4,033	\$ 2,533
Miscellaneous revenue:				
Other	<u>3,047</u>	<u>3,047</u>	<u>8,316</u>	<u>5,269</u>
Total revenue from local sources	<u>479,340</u>	<u>479,340</u>	<u>486,994</u>	<u>7,654</u>
REVENUE FROM THE COMMONWEALTH OF VIRGINIA				
Categorical aid:				
Law enforcement grant	24,160	24,160	25,052	892
Fire program funds	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total categorical aid	<u>34,160</u>	<u>34,160</u>	<u>35,052</u>	<u>892</u>
Noncategorical aid:				
Personal Property Tax Relief Act	19,612	19,612	19,612	-
Rolling stock tax	5,000	5,000	4,802	(198)
Mobile home titling taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total noncategorical aid	<u>24,612</u>	<u>24,612</u>	<u>24,414</u>	<u>(198)</u>
Total revenue from the Commonwealth of Virginia	<u>58,772</u>	<u>58,772</u>	<u>59,466</u>	<u>694</u>
	<u><u>\$ 538,112</u></u>	<u><u>\$ 538,112</u></u>	<u><u>\$ 546,460</u></u>	<u><u>\$ 8,348</u></u>

See Independent Auditor's Report and Notes to Required Supplementary Information.

TOWN OF WAKEFIELD, VIRGINIA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS)

Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
GENERAL GOVERNMENT ADMINISTRATION				
Legislative - Town Council	\$ 10,283	\$ 10,283	\$ 9,927	\$ 356
General and financial administration:				
Salaries and fringe benefits	157,524	157,524	153,847	3,677
Insurance and bonding	24,100	24,100	24,225	(125)
Office operations and utilities	16,593	16,593	14,346	2,247
Repairs and maintenance	14,000	14,000	14,728	(728)
Independent auditor	19,000	19,000	23,000	(4,000)
Legal services	36,000	36,000	36,382	(382)
Dues and subscriptions	2,735	2,735	2,252	483
Travel	1,320	1,320	1,189	131
Advertising	1,000	1,000	458	542
Miscellaneous	625	625	724	(99)
Total general and financial administration	<u>272,897</u>	<u>272,897</u>	<u>271,151</u>	<u>1,746</u>
Total general government administration	<u>283,180</u>	<u>283,180</u>	<u>281,078</u>	<u>2,102</u>
PUBLIC SAFETY				
Law enforcement and traffic control - police department	57,000	57,000	57,368	(368)
Fire and rescue services - volunteer fire and rescue squads	<u>38,195</u>	<u>38,195</u>	<u>38,332</u>	<u>(137)</u>
Total public safety	<u>95,195</u>	<u>95,195</u>	<u>95,700</u>	<u>(505)</u>
PUBLIC WORKS				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges, and sidewalks	41,669	41,669	49,461	(7,792)
Street lights	<u>3,350</u>	<u>3,350</u>	<u>7,147</u>	<u>(3,797)</u>
Total maintenance of highways, streets, bridges and sidewalks	<u>45,019</u>	<u>45,019</u>	<u>56,608</u>	<u>(11,589)</u>

See Independent Auditor's Report and Notes to Required Supplementary Information.

TOWN OF WAKEFIELD, VIRGINIA

GENERAL FUND

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (CASH BASIS) (Continued)
Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Maintenance of general buildings and grounds:				
General properties	\$ 39,360	\$ 39,360	\$ 25,576	\$ 13,784
General administration	72,074	72,074	55,461	16,613
Total maintenance of general buildings and grounds	<u>111,434</u>	<u>111,434</u>	<u>81,037</u>	<u>30,397</u>
Total public works	<u>156,453</u>	<u>156,453</u>	<u>137,645</u>	<u>18,808</u>
PARKS, RECREATIONAL AND CULTURAL				
Library	7,200	7,200	7,355	(155)
Ball park	<u>10,923</u>	<u>10,923</u>	<u>9,986</u>	<u>937</u>
Total parks, recreation and cultural	<u>18,123</u>	<u>18,123</u>	<u>17,341</u>	<u>782</u>
CAPITAL OUTLAY				
Public works	36,000	36,000	65,700	(29,700)
Parks, recreation and cultural	30,000	30,000	23,600	6,400
Public safety	7,100	7,100	7,100	-
General and financial administration	<u>15,000</u>	<u>15,000</u>	<u>15,231</u>	<u>(231)</u>
Total capital outlay	<u>88,100</u>	<u>88,100</u>	<u>111,631</u>	<u>(23,531)</u>
	<u><u>\$ 641,051</u></u>	<u><u>\$ 641,051</u></u>	<u><u>\$ 643,395</u></u>	<u><u>\$ (2,344)</u></u>

See Independent Auditor's Report and Notes to Required Supplementary Information.

TOWN OF WAKEFIELD, VIRGINIA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

	PLAN YEAR				
	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY					
Service cost	\$ 21,167	\$ 21,697	\$ 20,780	\$ 20,253	\$ 18,924
Interest	30,990	29,121	27,217	25,347	23,901
Changes of assumptions	-	(723)	-	-	-
Benefit payments, including refunds of employee contributions	(19,538)	(22,710)	(22,682)	(22,321)	(21,999)
Difference between expected and actual experience	1,695	(2,272)	1,900	3,618	-
Net change in total pension liability	34,314	25,113	27,215	26,897	20,826
Total pension liability, beginning	452,488	427,375	400,160	373,263	352,437
Total pension liability, ending (a)	<u>\$486,802</u>	<u>\$452,488</u>	<u>\$427,375</u>	<u>\$400,160</u>	<u>\$373,263</u>
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 14,522	\$ 14,179	\$ 13,485	\$ 13,247	\$ 8,839
Contributions - employee	7,290	7,118	6,994	6,871	6,747
Net investment income	33,559	49,465	7,011	17,639	53,056
Benefit payments	(19,538)	(22,710)	(22,682)	(22,321)	(21,999)
Administrative expenses	(282)	(281)	(247)	(240)	(289)
Other changes	(30)	(44)	(3)	(4)	3
Net change in plan fiduciary net position	35,521	47,727	4,558	15,192	46,357
Plan fiduciary net position, beginning	453,202	405,475	400,917	385,725	339,368
Plan fiduciary net position, ending (b)	<u>\$488,723</u>	<u>\$453,202</u>	<u>\$405,475</u>	<u>\$400,917</u>	<u>\$385,725</u>
Town's net pension liability (asset), ending (a) - (b)	<u>\$ (1,921)</u>	<u>\$ (714)</u>	<u>\$ 21,900</u>	<u>\$ (757)</u>	<u>\$ (12,462)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>100.4%</u>	<u>100.2%</u>	<u>94.9%</u>	<u>100.2%</u>	<u>103.3%</u>
Employer's covered payroll*	<u>\$145,803</u>	<u>\$142,359</u>	<u>\$139,886</u>	<u>\$137,417</u>	<u>\$134,947</u>
Net pension liability (asset) as a percentage of employer's covered payroll	<u>-1.3%</u>	<u>-0.5%</u>	<u>15.7%</u>	<u>-0.6%</u>	<u>-9.2%</u>

Note: Information in this schedule is presented for the year in which information is available.
Information will be added each year until a full 10-year trend is presented.

See Independent Auditor's Report and Notes to Required Supplementary Information.

TOWN OF WAKEFIELD, VIRGINIA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's covered Payroll	Contributions as a Percentage of Covered Payroll
2019	\$ 11,717	\$ 11,717	\$ -	\$ 135,928	8.62%
2018	\$ 14,522	\$ 14,522	\$ -	\$ 145,803	9.96%
2017	\$ 14,179	\$ 14,179	\$ -	\$ 142,359	9.96%
2016	\$ 13,485	\$ 13,485	\$ -	\$ 139,886	9.64%
2015	\$ 13,247	\$ 13,247	\$ -	\$ 137,417	9.64%
2014	\$ 8,839	\$ 8,839	\$ -	\$ 134,947	6.55%

Note: Information in this schedule is presented for the year in which information is available.
Information will be added each year until a full 10-year trend is presented.

See Independent Auditor's Report and Notes to Required Supplementary Information.

TOWN OF WAKEFIELD, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2019

1. Budgetary Appropriations

The Town budget is prepared on a cash basis. The General Fund cash-basis expenditures exceeded budgeted appropriations by \$2,344

2. Pension Plan

Changes of Benefit Terms

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

Changes of Assumptions:

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

Largest 10 - Non-Hazardous Duty:

- Mortality rates: Update to a more current mortality table - RP-2014 projected to 2020
- Retirement rates: Lowered rates at older ages and changed final retirement age from 70 to 75
- Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: Lowered rates
- Salary increases: No change
- Line of duty disability: Increase rate from 14% to 20%

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

- Mortality rates: Update to a more current mortality table - RP-2014 projected to 2020
- Retirement rates: Lowered rates at older ages and changed final retirement age from 70 to 75
- Withdrawal rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability rates: Lowered rates
- Salary increases: No change
- Line of duty disability: Increase rate from 14% to 15%

COMPLIANCE SECTION

**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 Honorable Members of the Town Council
Town of Wakefield, 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, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Wakefield, Virginia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Wakefield, Virginia's basic financial statements and have issued our report thereon dated September 30, 2019.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness in internal control over financial reporting (see 2019-01).

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. We consider the deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting (see 2019-02).

Compliance and Other Matters

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

Town of Wakefield, Virginia's Response to Findings

The Town of Wakefield, Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town of Wakefield, Virginia's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of the 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 purposes.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
September 30, 2019

TOWN OF WAKEFIELD, VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2019

Finding 2019-01: Segregation of Duties

Criteria

Duties within the accounting system should be properly segregated.

Condition

A lack of segregation of duties within the accounting function was noted.

Cause

This is due to the limited number of office personnel employed by the Town.

Effect

This situation may result in defalcation or errors being undetected.

Recommendation

Due to the small size of the Town, we do not consider the hiring of additional employees to be cost effective. While complete segregation of duties is not practical, we recommend strong management supervision and review over the accounting system.

Management Response

Management (Town Council and Town Officials) will continue to strongly supervise and review the accounting system through monthly review of detailed financial information.

Finding 2019-02: Audit Adjustments

Criteria

The Town does not prepare financial statements and footnotes in compliance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB).

Condition

As part of our audit, we proposed multiple significant adjustments related to pensions, capital assets, accounts payable, and accounts receivable. These are reviewed and approved by management; however, auditors feel that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Cause

Due to the small size of the Town, there is a limited accounting staff, which does not allow for the hiring of an accountant with the background needed to prepare GAAP financial statements and related disclosures.

Effect

Financial statements and related disclosures may be misstated by an amount that is more than inconsequential.

Recommendation

Management will meet regularly with the auditors to keep up to date on changes in GAAP and GASB and continue to review the draft GAAP and GASB financial statements and related disclosures prior to issuance.

Management Response

Recommendations made by auditors will be implemented.

STATISTICAL SECTION

TOWN OF WAKEFIELD, VIRGINIA

NET POSITION BY COMPONENT - LAST TEN FISCAL YEARS

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 324,333	\$ 270,909	\$ 193,628	\$ 225,577	\$ 226,040	\$ 270,094	\$ 311,563	\$ 323,278	\$ 334,920	\$ 368,961
Restricted for permanent fund	42,143	41,884	41,302	41,921	41,876	42,023	42,003	42,003	42,003	42,003
Restricted for pensions	1,516	-	-	586	11,042	-	-	-	-	-
Unrestricted	1,291,311	1,295,001	1,123,448	1,221,506	1,099,404	874,513	849,799	751,867	646,339	610,109
Total governmental activities net position	<u>\$ 1,659,303</u>	<u>\$ 1,607,794</u>	<u>\$ 1,358,378</u>	<u>\$ 1,489,590</u>	<u>\$ 1,378,362</u>	<u>\$ 1,186,630</u>	<u>\$ 1,203,365</u>	<u>\$ 1,117,148</u>	<u>\$ 1,023,262</u>	<u>\$ 1,021,073</u>
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 1,231,389	\$ 1,072,990	\$ 1,033,863	\$ 740,206	\$ 741,602	\$ 841,922	\$ 768,856	\$ 742,527	\$ 716,478	\$ 682,530
Restricted for pensions	405	-	-	171	1,420	-	-	-	-	-
Unrestricted	210,786	195,868	170,184	192,217	178,686	115,780	149,216	147,944	133,350	103,063
Total business-type activities net position	<u>\$ 1,442,580</u>	<u>\$ 1,268,858</u>	<u>\$ 1,204,047</u>	<u>\$ 932,594</u>	<u>\$ 921,708</u>	<u>\$ 957,702</u>	<u>\$ 918,072</u>	<u>\$ 890,471</u>	<u>\$ 849,828</u>	<u>\$ 785,593</u>
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 1,555,722	\$ 1,343,899	\$ 1,227,491	\$ 965,783	\$ 967,642	\$ 1,112,016	\$ 1,080,419	\$ 1,065,805	\$ 1,051,398	\$ 1,051,491
Restricted for permanent fund	42,143	41,884	41,302	41,921	41,876	42,023	42,003	42,003	42,003	42,003
Restricted for pensions	1,921	-	-	757	12,462	-	-	-	-	-
Unrestricted	1,502,097	1,490,869	1,293,632	1,413,723	1,278,090	990,293	999,015	899,811	779,689	713,172
Total primary government net position	<u>\$ 3,101,883</u>	<u>\$ 2,876,652</u>	<u>\$ 2,562,425</u>	<u>\$ 2,422,184</u>	<u>\$ 2,300,070</u>	<u>\$ 2,144,332</u>	<u>\$ 2,121,437</u>	<u>\$ 2,007,619</u>	<u>\$ 1,873,090</u>	<u>\$ 1,806,666</u>
DISCRETELY PRESENTED COMPONENT UNIT										
Net investment in capital assets	\$ 1,066,374	\$ 1,033,118	\$ 1,102,717	\$ 1,130,487	\$ 646,746	\$ 506,076	\$ 468,129	\$ 499,848	\$ 535,293	\$ 571,084
Unrestricted	12,501	(1,658)	14,503	14,890	(33,603)	(53,441)	-	(14,431)	(15,217)	(72)
Total discretely presented component unit net position	<u>\$ 1,078,875</u>	<u>\$ 1,031,460</u>	<u>\$ 1,117,220</u>	<u>\$ 1,145,377</u>	<u>\$ 613,143</u>	<u>\$ 452,635</u>	<u>\$ 468,129</u>	<u>\$ 485,417</u>	<u>\$ 520,076</u>	<u>\$ 571,012</u>

See Independent Auditor's Report.

TOWN OF WAKEFIELD, VIRGINIA

CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EXPENSES										
Governmental activities:										
General government administration	\$ 288,234	\$ 287,102	\$ 275,860	\$ 252,234	\$ 280,136	\$ 299,223	\$ 296,466	\$ 249,519	\$ 259,302	\$ 244,238
Public safety	123,416	117,530	124,539	130,871	104,626	107,198	108,549	105,662	98,281	96,352
Public works	183,967	172,367	175,765	169,621	182,088	130,457	138,490	114,674	124,058	94,715
Parks, recreation and cultural	26,266	30,314	16,081	22,192	26,170	11,190	16,747	28,862	26,470	30,930
Community development	-	-	-	124,776	-	15,818	7,126	-	-	4,151
Total governmental activities expenses	621,883	607,313	592,245	699,694	593,020	563,886	567,378	498,717	508,111	470,386
Business-type activities:										
Public utility	1,333,911	1,260,827	1,289,260	1,233,896	1,394,066	1,323,717	1,277,649	1,230,369	1,158,871	1,095,814
Total primary government expenses	<u>\$ 1,955,794</u>	<u>\$ 1,868,140</u>	<u>\$ 1,881,505</u>	<u>\$ 1,933,590</u>	<u>\$ 1,987,086</u>	<u>\$ 1,887,603</u>	<u>\$ 1,845,027</u>	<u>\$ 1,729,086</u>	<u>\$ 1,666,982</u>	<u>\$ 1,566,200</u>
Component unit:										
Airport Commission expenses	<u>\$ 172,711</u>	<u>\$ 198,148</u>	<u>\$ 277,501</u>	<u>\$ 166,660</u>	<u>\$ 207,804</u>	<u>\$ 174,207</u>	<u>\$ 121,081</u>	<u>\$ 109,899</u>	<u>\$ 88,917</u>	<u>\$ 94,549</u>
PROGRAM REVENUES										
Business-type activities:										
Charges for services	\$ 1,609,687	\$ 1,601,160	\$ 1,451,928	\$ 1,518,511	\$ 1,624,980	\$ 1,451,693	\$ 1,414,569	\$ 1,308,937	\$ 1,248,421	\$ 1,181,009
Operating grants and contributions	-	-	-	-	-	-	-	-	-	108,972
Total business-type activities program revenues	<u>\$ 1,609,687</u>	<u>\$ 1,601,160</u>	<u>\$ 1,451,928</u>	<u>\$ 1,518,511</u>	<u>\$ 1,624,980</u>	<u>\$ 1,451,693</u>	<u>\$ 1,414,569</u>	<u>\$ 1,308,937</u>	<u>\$ 1,248,421</u>	<u>\$ 1,289,981</u>
Component unit:										
Charges for services	\$ 113,373	\$ 108,897	\$ 177,220	\$ 153,481	\$ 193,649	\$ 137,444	\$ 90,056	\$ 85,877	\$ 50,503	\$ 59,807
Operating grants and contributions	97,713	-	33,986	420,637	174,663	5,451	6,611	-	-	-
Total component unit program revenues	<u>\$ 211,086</u>	<u>\$ 108,897</u>	<u>\$ 211,206</u>	<u>\$ 574,118</u>	<u>\$ 368,312</u>	<u>\$ 142,895</u>	<u>\$ 96,667</u>	<u>\$ 85,877</u>	<u>\$ 50,503</u>	<u>\$ 59,807</u>
NET (EXPENSE) REVENUE										
Governmental activities	\$ (621,883)	\$ (607,313)	\$ (592,245)	\$ (699,694)	\$ (593,020)	\$ (563,886)	\$ (567,378)	\$ (498,717)	\$ (508,111)	\$ (470,386)
Business-type activities	275,776	340,333	162,668	284,615	230,914	127,976	136,920	78,568	89,550	85,195
Total primary government net expense	<u>\$ (346,107)</u>	<u>\$ (266,980)</u>	<u>\$ (429,577)</u>	<u>\$ (415,079)</u>	<u>\$ (362,106)</u>	<u>\$ (435,910)</u>	<u>\$ (430,458)</u>	<u>\$ (420,149)</u>	<u>\$ (418,561)</u>	<u>\$ (385,191)</u>
Component unit	<u>\$ 38,375</u>	<u>\$ (89,251)</u>	<u>\$ (16,295)</u>	<u>\$ 407,458</u>	<u>\$ 160,508</u>	<u>\$ (31,312)</u>	<u>\$ (24,414)</u>	<u>\$ (24,022)</u>	<u>\$ (38,414)</u>	<u>\$ (34,742)</u>

See Independent Auditor's Report.

TOWN OF WAKEFIELD, VIRGINIA

CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

(Continued)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION										
Governmental activities:										
General property taxes	\$ 84,243	\$ 81,548	\$ 84,724	\$ 84,301	\$ 81,945	\$ 83,582	\$ 78,603	\$ 80,516	\$ 84,813	\$ 78,575
Other local taxes	361,818	390,657	330,233	322,934	314,816	272,261	270,203	279,699	240,796	244,955
Revenues from use of money and property	8,216	9,062	9,157	8,795	8,486	9,384	9,108	9,925	10,123	8,784
Permits, privilege fees, and regulatory licenses	90	248	170	450	100	40	20	50	250	-
Fines and forfeitures	5,594	1,939	772	180	1,140	390	747	1,788	3,710	-
Recovered costs	4,033	3,695	16,968	8,834	11,662	10,942	17,465	22,245	5,212	-
Revenues from other sources	8,316	3,938	29,984	21,912	9,289	965	35,621	69,256	21,411	4,455
Intergovernmental - Commonwealth	59,466	57,573	59,599	58,422	58,341	58,604	57,558	56,382	76,356	79,118
Transfers	141,616	308,069	(70,574)	305,094	298,973	122,563	184,270	72,742	67,629	168,336
Total governmental activities	<u>673,392</u>	<u>856,729</u>	<u>461,033</u>	<u>810,922</u>	<u>784,752</u>	<u>558,731</u>	<u>653,595</u>	<u>592,603</u>	<u>510,300</u>	<u>584,223</u>
Business-type activities:										
Revenues from other sources	39,562	32,547	38,211	31,365	32,065	35,706	74,951	34,817	42,314	55,208
Transfers	(141,616)	(308,069)	70,574	(305,094)	(298,973)	(122,563)	(184,270)	(72,742)	(67,629)	(168,336)
Total business-type activities	<u>(102,054)</u>	<u>(275,522)</u>	<u>108,785</u>	<u>(273,729)</u>	<u>(266,908)</u>	<u>(86,857)</u>	<u>(109,319)</u>	<u>(37,925)</u>	<u>(25,315)</u>	<u>(113,128)</u>
Total primary government	<u>\$ 571,338</u>	<u>\$ 581,207</u>	<u>\$ 569,818</u>	<u>\$ 537,193</u>	<u>\$ 517,844</u>	<u>\$ 471,874</u>	<u>\$ 544,276</u>	<u>\$ 554,678</u>	<u>\$ 484,985</u>	<u>\$ 471,095</u>
Component unit:										
Payments from (to) the Town of Wakefield	<u>\$ 9,040</u>	<u>\$ 3,491</u>	<u>\$ (11,862)</u>	<u>\$ 124,776</u>	<u>\$ -</u>	<u>\$ 15,818</u>	<u>\$ 7,126</u>	<u>\$ (10,637)</u>	<u>\$ (12,522)</u>	<u>\$ 4,151</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 51,509	\$ 249,416	\$ (131,212)	\$ 111,228	\$ 191,732	\$ (5,155)	\$ 86,217	\$ 93,886	\$ 2,189	\$ 113,837
Business-type activities	173,722	64,811	271,453	10,886	(35,994)	41,119	27,601	40,643	64,235	81,039
Total primary government	<u>\$ 225,231</u>	<u>\$ 314,227</u>	<u>\$ 140,241</u>	<u>\$ 122,114</u>	<u>\$ 155,738</u>	<u>\$ 35,964</u>	<u>\$ 113,818</u>	<u>\$ 134,529</u>	<u>\$ 66,424</u>	<u>\$ 194,876</u>
Component unit	<u>\$ 47,415</u>	<u>\$ (85,760)</u>	<u>\$ (28,157)</u>	<u>\$ 532,234</u>	<u>\$ 160,508</u>	<u>\$ (15,494)</u>	<u>\$ (17,288)</u>	<u>\$ (34,659)</u>	<u>\$ (50,936)</u>	<u>\$ (30,591)</u>

See Independent Auditor's Report.

TOWN OF WAKEFIELD, VIRGINIA

FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
GENERAL FUND										
Unreserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 688,635
Unassigned	1,277,030	1,271,688	1,090,629	1,174,692	1,054,079	810,297	769,581	685,933	620,962	-
Total general fund	<u>\$ 1,277,030</u>	<u>\$ 1,271,688</u>	<u>\$ 1,090,629</u>	<u>\$ 1,174,692</u>	<u>\$ 1,054,079</u>	<u>\$ 810,297</u>	<u>\$ 769,581</u>	<u>\$ 685,933</u>	<u>\$ 620,962</u>	<u>\$ 688,635</u>
ALL OTHER GOVERNMENT FUNDS										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,003
Committed	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	-
Restricted	2,143	1,884	1,302	1,921	1,876	1,973	2,003	2,003	2,003	-
Total all other governmental funds	<u>\$ 42,143</u>	<u>\$ 41,884</u>	<u>\$ 41,302</u>	<u>\$ 41,921</u>	<u>\$ 41,876</u>	<u>\$ 41,973</u>	<u>\$ 42,003</u>	<u>\$ 42,003</u>	<u>\$ 42,003</u>	<u>\$ 42,003</u>

See Independent Auditor's Report.

TOWN OF WAKEFIELD, VIRGINIA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
REVENUES										
General property taxes	\$ 84,243	\$ 81,548	\$ 84,724	\$ 84,301	\$ 81,945	\$ 83,582	\$ 78,603	\$ 80,516	\$ 84,920	\$ 78,573
Other local taxes	361,818	390,657	330,233	322,934	314,816	272,261	270,203	279,699	240,796	244,955
Revenue from use of money and property	8,216	9,062	9,157	8,795	8,486	9,384	9,108	9,925	10,123	8,784
Permits, privilege fees, and regulatory licenses	90	248	170	450	100	40	20	50	250	-
Fines and forfeitures	5,594	1,939	772	180	1,140	390	747	1,788	3,710	-
Recovered costs	4,033	3,695	16,968	8,834	11,662	10,942	17,465	22,245	5,212	-
Miscellaneous	8,316	3,938	18,122	21,912	9,289	965	11,463	10,940	9,244	-
Revenues from other sources	-	-	-	-	-	-	-	-	-	4,952
Intergovernmental - Commonwealth of Virginia	59,466	57,573	59,599	58,422	58,341	58,604	57,558	56,382	76,356	79,118
Total revenues	531,776	548,660	519,745	505,828	485,779	436,168	445,167	461,545	430,611	416,382
EXPENDITURES										
General government administration	279,623	278,492	262,688	243,908	231,254	252,987	244,624	202,512	210,399	198,560
Public safety	95,419	91,807	101,093	107,425	104,626	107,198	108,549	105,662	202,281	96,352
Public works	166,239	157,086	164,246	156,744	184,416	133,717	138,490	114,674	124,058	94,715
Parks, recreation and cultural	26,266	30,314	16,081	22,318	26,284	11,350	16,747	28,862	26,470	30,930
Community development	-	-	-	124,776	-	-	-	-	-	-
Capital projects	111,631	128,551	12,548	45,818	5,000	7,280	40,353	38,144	15,227	16,475
Total expenditures	679,178	686,250	556,656	700,989	551,580	512,532	548,763	489,854	578,435	437,032
Deficiency of revenues under expenditures	(147,402)	(137,590)	(36,911)	(195,161)	(65,801)	(76,364)	(103,596)	(28,309)	(147,824)	(20,650)
OTHER FINANCING SOURCES (USES)										
Operating transfers in	162,990	322,402	153,352	525,090	507,462	236,761	312,530	216,819	316,880	283,827
Operating transfers out	(21,374)	(14,333)	(212,064)	(219,996)	(208,489)	(114,198)	(135,386)	(133,440)	(236,729)	(119,642)
Note receivable repayments	11,387	11,162	10,941	10,725	10,513	10,305	10,100	9,901	-	-
Total other financing sources (uses)	153,003	319,231	(47,771)	315,819	309,486	132,868	187,244	93,280	80,151	164,185
Net change in fund balances	\$ 5,601	\$ 181,641	\$ (84,682)	\$ 120,658	\$ 243,685	\$ 56,504	\$ 83,648	\$ 64,971	\$ (67,673)	\$ 143,535

See Independent Auditor's Report.

TOWN OF WAKEFIELD, VIRGINIA

ASSESSED VALUE OF TAXABLE PROPERTY - LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Real Estate	Personal Property	Public Service Corporations	Total Taxable Assessed Value
2019	\$ 52,194,712	\$ 5,803,895	\$ 4,313,933	\$ 62,312,540
2018	\$ 49,054,871	\$ 6,271,633	\$ 3,175,615	\$ 58,502,119
2017	\$ 48,831,653	\$ 5,892,730	\$ 4,373,220	\$ 59,097,603
2016	\$ 49,163,113	\$ 6,402,419	\$ 4,136,636	\$ 59,702,168
2015	\$ 49,177,913	\$ 6,463,406	\$ 3,741,551	\$ 59,382,870
2014	\$ 48,321,013	\$ 6,086,074	\$ 4,032,988	\$ 58,440,075
2013	\$ 47,988,713	\$ 5,797,851	\$ 3,763,689	\$ 57,550,253
2012	\$ 47,730,201	\$ 6,003,296	\$ 3,108,227	\$ 56,841,724
2011	\$ 47,515,501	\$ 6,127,949	\$ 2,664,836	\$ 56,308,286
2010	\$ 47,577,701	\$ 5,520,667	\$ 2,879,388	\$ 55,977,756

Source: Commissioner of Revenue, Sussex County

TOWN OF WAKEFIELD, VIRGINIA

**PROPERTY TAX RATES - LAST TEN FISCAL YEARS
(PER \$100 OF ASSESSED VALUES)**

Fiscal Year Ended June 30,	Real Estate	Personal Property	Public Service Corporations	Machinery and Tools	Mobile Homes
2019	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2018	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2017	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2016	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2015	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2014	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2013	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2012	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2011	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093
2010	\$ 0.093	\$ 0.860	\$ 0.093	\$ 0.860	\$ 0.093

Source: Commissioner of Revenue, Sussex County

TOWN OF WAKEFIELD, VIRGINIA

**PRINCIPAL TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2019			2010		
	Total Taxes Paid	Rank	Percentage of Total Town Tax Revenue	Total Taxes Paid	Rank	Percentage of Total Town Tax Revenue
Virginia Diner	\$ 11,879	1	2.66%	\$ 9,426	1	2.91%
Wakefield Farm Service	5,251	2	1.18%	3,017	2	0.93%
Indmar Coatings/Wilmer Rowe	1,575	3	0.35%	549	7	0.17%
Mac's / Uppy's	1,486	4	0.33%			
Norfolk & Western Railroad	1,273	5	0.29%			
Virginia Electric & Power Co.	1,264	6	0.28%			
7-Eleven	1,036	7	0.23%			
Charter Communications	999	8	0.22%			
Richard E. and Sandra P. Rickmond	867	9	0.19%			
Wakefield IGA	744	10	0.17%			
Golden Peanut				2,282	3	0.71%
Bank of Southside Virginia				709	4	0.22%
James R. Stringfield				696	5	0.22%
Southside Investments				644	6	0.20%
Jack P. Bain				464	8	0.14%
Bailey & Owen				459	9	0.14%
Max J. / Sidney P. Finklestein				458	10	0.14%
	<u>\$ 26,374</u>		<u>5.91%</u>	<u>\$ 18,704</u>		<u>5.78%</u>

Source: Town of Wakefield Office

TOWN OF WAKEFIELD, VIRGINIA

PROPERTY TAX LEVIES AND COLLECTIONS - LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (a)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 83,103	\$ 79,183	95.28%	-	\$ 79,183	95.28%
2018	\$ 81,055	\$ 76,736	94.67%	-	\$ 76,736	94.67%
2017	\$ 83,889	\$ 79,983	95.34%	-	\$ 79,983	95.34%
2016	\$ 84,383	\$ 81,243	96.28%	-	\$ 81,243	96.28%
2015	\$ 82,962	\$ 79,860	96.26%	-	\$ 79,860	96.26%
2014	\$ 81,883	\$ 80,489	98.30%	-	\$ 80,489	98.30%
2013	\$ 78,749	\$ 76,922	97.68%	-	\$ 76,922	97.68%
2012	\$ 78,439	\$ 77,024	98.20%	-	\$ 77,024	98.20%
2011	\$ 82,255	\$ 80,081	97.36%	-	\$ 80,081	97.36%
2010	\$ 78,495	\$ 75,121	95.70%	-	\$ 75,121	95.70%

Note (a): Town does not maintain detailed records of subsequent collections.

Source: Town of Wakefield Office

See Independent Auditor's Report.

TOWN OF WAKEFIELD, VIRGINIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Due to the small number of employees, such statistical data is not maintained by the Town.

OPERATING INDICATORS BY FUNCTION/PROGRAM

Due to the small size of the Town, such statistical numbers are not maintained, nor will they be maintained in the future due to the small amount of activity within the Town.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

See Note 4 to the Financial Statements. The Town also has assets that are not listed on the depreciation Schedule. However, these assets were considered during the GASB 34 conversion and were deemed fully depreciated.