



# **THE TOWN OF VINTON, VIRGINIA COMPREHENSIVE ANNUAL FINANCIAL REPORT**



**FOR FISCAL YEAR ENDED JUNE 30, 2019**



**TOWN OF VINTON, VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2019**

**Prepared by the Town of Vinton**

**Finance Department/Treasurer's Office**



# TOWN OF VINTON, VIRGINIA

## TABLE OF CONTENTS

### Page

### INTRODUCTORY SECTION

Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	vi
Directory of Principal Officials.....	vii
Organizational Chart .....	viii

### FINANCIAL SECTION

Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	3

#### Basic Financial Statements

Government-wide Financial Statements	
Exhibit 1 Statement of Net Position .....	12
Exhibit 2 Statement of Activities.....	13
Fund Financial Statements	
Exhibit 3 Balance Sheet – Governmental Fund .....	14
Exhibit 4 Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position.....	15
Exhibit 5 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund .....	16
Exhibit 6 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities .....	17
Exhibit 7 Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	18
Exhibit 8 Statement of Net Position – Proprietary Funds .....	19
Exhibit 9 Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	20
Exhibit 10 Statement of Cash Flows – Proprietary Funds .....	21
Notes to Financial Statements .....	22

#### Required Supplementary Information

Exhibit 11 Schedule of Changes in Net Pension Liability and Related Ratios .....	63
Exhibit 12 Schedule of Pension Contributions.....	64
Exhibit 13 Schedule of Changes in Net OPEB Liability and Related Ratios – Local Plan.....	65
Exhibit 14 Schedule of Employer's Share of Net OPEB Liability – VRS GLI .....	66
Exhibit 15 Schedule of OPEB Contributions – VRS GLI .....	67
Notes to Required Supplementary Information .....	68

## TOWN OF VINTON, VIRGINIA

### TABLE OF CONTENTS (Continued)

#### Page

#### STATISTICAL SECTION

Table 1	Net Position by Component.....	71
Table 2	Change in Net Position by Component.....	72
Table 3	Fund Balances – Governmental Fund.....	74
Table 4	Changes in Fund Balances – Governmental Fund.....	75
Table 5	Assessed Value and Actual Value of Taxable Property .....	76
Table 6	Principal Water and Sewer Customers.....	77
Table 7	Property Tax Levies and Collections .....	78
Table 8	Water and Sewer Rates .....	79
Table 9	Legal Debt Margin Information .....	80
Table 10	Ratios of Outstanding Debt by Type .....	81
Table 11	Pledged Revenue Coverage .....	82
Table 12	Demographic Statistics .....	83
Table 13	Principal Employers.....	84
Table 14	Full-Time Equivalent Town Government Employees by Function/Program.....	85
Table 15	Operating Indicators by Function/Program.....	86
Table 16	Capital Asset and Infrastructure Statistics by Function/Program.....	87

#### 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 <i>Government Auditing Standards</i> .....	89
Summary of Compliance Matters .....	91
Schedule of Finding and Response .....	92
Schedule of Prior Audit Finding .....	93

## INTRODUCTORY SECTION

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# TOWN OF VINTON

311 S. POLLARD STREET  
VINTON, VIRGINIA 24179

PHONE (540) 983-0608  
FAX (540) 985-3105

November 8, 2019

## *To the Honorable Mayor, Members of Town Council, and Citizens of the Town of Vinton, Virginia*

We are pleased to present the Town of Vinton, Virginia (the Town) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019 in accordance with Section 15.1-167 of the 1950 *Code of Virginia*, (1950 as amended). The *Code* requires that the Town issues an annual report on its financial accounts and records. In addition, the report must be audited. The report was prepared by the Treasurer's Office and audited independently by the accounting firm Brown Edwards & Company, L.L.P.

Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Town's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

### **The Reporting Entity and Services Provided**

The financial reporting entity includes all of the funds of the primary government of the Town of Vinton, as legally defined. The reporting entity does not include legally separate entities (component units) for which a primary government is financially accountable because there are no such component units within the Town. The Town jointly operates the Roanoke Valley Resource Authority and the Regional Center for Animal Care and Protection through membership on the multi-jurisdictional boards.

The Town of Vinton provides a full range of municipal services. These services include police protection, fire and first aid services, refuse and recycling functions, general public improvements, street and right-of-way maintenance, recreational and cultural activities, and planning and zoning. The Town also provides potable water distribution, wastewater collection, maintenance and service of line, meters, and other components related to its utility system. Based on the latest Water Quality Report, the water system meets all state and federal requirements administered by the Office of Drinking Water under the Virginia Department of Health. According to the 2018 Water Quality Report, the Town had no water quality violations. The Virginia Department of Environmental Quality reported statewide recycling rates for calendar year 2017. The Town of Vinton's rate was 64.0% and was ranked first based on rate out of all of the waste planning units in the Commonwealth.

### **Local Economic Condition and Outlook**

The Town of Vinton is located in the southern end of the Shenandoah Valley, in the southwestern region of Virginia. Vinton is a part of the Roanoke Metropolitan Statistical Area, which includes the Cities of Roanoke and Salem and Counties of Roanoke, Botetourt, and Craig. The Town is a compact, urban area

## **Local Economic Condition and Outlook (Continued)**

of 3.2 square miles located within eastern Roanoke County and shares a common border with the City of Roanoke. It is approximately 170 miles west of Richmond, Virginia, the State capital. The Town is a major gateway to the recreational attractions of Smith Mountain Lake and the Blue Ridge Parkway. Approximately 78.8% of the total land within the Town is developed; 50.6% for residential use, 13.8% for commercial or industrial development (within the Town industrial park and at various other locations) and 14.4% for public facility development.

The location of the Town provides quick and easy access from neighboring jurisdictions via US Interstates 81 and 581, U.S. Routes 460 and 220, and Virginia Routes 24 and 634. This also provides an opportunity for citizens to be able to drive to a community college, two private colleges, and two public universities in less than one hour. The Town's location also means that its economy is impacted by the economic conditions of its neighbors, and by decisions made by these larger neighboring jurisdictions.

Since the Town of Vinton is highly concerned with providing a positive atmosphere and quality of life for its citizens, it has taken an active role in various regional authorities and activities. The Town participates in economic development by being a member of the Roanoke Regional Partnership and working closely with Roanoke County on development opportunities and promoting a shared industrial park. The Town also partners with community groups to hold two major festivals and several smaller community events throughout the year. In 2018, the Town also partnered with the Vinton Area Chamber of Commerce for economic development and business retention, recruitment and promotion.

The Town also participates in the Greenway Commission, the purpose of which is to identify possible greenway locations in the Roanoke Valley area. Through this the Town is building a greenway that will connect the downtown business district with Roanoke City's greenway system. This will allow for an individual to travel from Vinton to Salem on the greenway system. Vinton has also partnered with the Roanoke-Alleghany Regional Commission to promote a Blueways Trail on the Roanoke River.

Vinton has maintained stable property tax rates over the years, while continuing to provide high quality municipal services and responsive government. The combined real estate and personal property tax collections for fiscal year 2019 generate approximately \$726,000 or 8.51% of total revenue in the general fund.

The meals tax continues to be a strong revenue source for the Town and is estimated to generate \$1,078,000. This stable revenue source is reflective of the value our restaurants are able to offer their customers. As part of the development of the FY20 budget, Town Council authorized raising the meals tax from 5% to 6%, with the proceeds of the increase to benefit Capital related improvements such as equipment to maintain and improve our public infrastructure. We are optimistic that this revenue source will continue to increase more with a growing list of downtown restaurants, a successful craft brewery and entertainment offerings that provide opportunities to attract new visitors and for existing patrons to remain within the downtown later into the evenings and throughout the weekends.

The nearby educational institutions allow opportunities for Town citizens to receive higher education and technical training. Expansion of industry, tourist facilities, and conference centers in the region continue to enhance the reputation of the Town as a highly desirable residential area.

## **Long-term Financial Planning**

Council members and staff worked together to set mid to long-term goals for the future of the Town of Vinton, which goals will be reevaluated during future Council Retreats. Town staff will also work with Council Members to review mid and long-term goals to be addressed in upcoming budgets.

- Provide High Quality Water to Town and East Roanoke County Residents
- Replace Town Gateway Entrance Signs
- Continued Economic Development (Gish's Mill, Vinton Motors, River Park, Potential Hotel)
- Dedication to Street Paving, Marking, Crosswalks, and Traffic Signals
- Develop Skate Park in the Town of Vinton
- Fund required Stormwater Management Program
- Improve Town Walkability with Sidewalk Inventory & Project Implementation
- Review Town Program Services and Subsidies
- Staff to Review & Update Job Descriptions, Classifications, and Processes
- Safety of Town Facilities
- Engineering Study for Commercial District Power Lines

## **Major Initiatives**

The Town completed implementation of the \$700,000 Department of Housing and Community Development (DHCD) Block Grant in December of 2016 that focused on four key areas of the Downtown improvements and initiatives to include: (1) streetscape and fixture improvements, (2) business storefront and facade improvements, (3) branding and marketing collateral, and (4) a revolving loan fund to support business development.

Since 2017, the Town has been focused on new initiatives to continue the revitalization momentum by focusing on downtown housing rehabilitation and the redevelopment of underutilized commercial properties

The Town was awarded a \$30,000 planning grant from DHCD to establish a housing rehabilitation program within downtown neighborhoods. The Town has completed an exercise to identify and rank current housing conditions and to engage with community stakeholders to confirm that conditions exist and resources are available to develop the redevelopment plan. The Town intends to apply for future grant funding from DHCD for construction and implementation of the rehabilitation program in FY20.

Working with the Virginia Brownfields Assistance Fund (VBAF) and the Department of Environmental Equality (DEQ), the Town was awarded a \$60,000 grant and completed a Phase I and Phase II Environmental Study at Gish's Mill. The Town also received another \$39,000 from the VBAF to conduct similar testing for properties located at the intersection of S. Pollard and Cleveland Ave. Each of these two properties are showing great promise as gateway enhancements projects and attracting the critical economic segments of destination retail and hospitality opportunities to our community. In addition, The Town has been awarded a \$300,000 grant from the Environmental Protection Agency (EPA), to review environmental conditions at other "brownfield" sites throughout the community, and includes funding for conceptual planning and marketing materials to promote the sites as available for redevelopment.

In partnership with Roanoke County, Vinton is also realizing success with targeted projects such as the former Roland E. Cook School, the former William Byrd High School as apartments, and the redevelopment of the former Vinton Library as a full service Macado's Restaurant. Other successful renovation projects include the reinstallation of an ice-rink at the Lancerlot Sports Complex, the redevelopment of the former Vinton Motors property into a mixed-use restaurant and commercial space,

## **Major Initiatives (Continued)**

several new small retail and restaurants locating to downtown storefronts and the return of Horse Race Wagering to the former Colonial Downs property as Rosie's Gaming Emporium.

## **Accounting System and Budgetary Controls**

The Town's accounting records for governmental fund type operations are maintained on a modified accrual basis with revenues being recorded when available and measurable, and expenditures being recorded when services or goods are received and fund liabilities are incurred. Accounting records for proprietary fund types are maintained on the accrual basis with revenues and expenses being recorded when earned or incurred.

In developing or modifying the Town's accounting system, consideration is given to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding: (a) the safeguarding of assets against loss from unauthorized use or disposition, and (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that: (a) the cost of a control should not exceed the benefits likely to be derived, and (b) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. The Town's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the department or function level by the adoption of an annual, accrual plus encumbrances basis budget for both the General and Enterprise Funds. The budgetary controls are designed to ensure compliance with legal restrictions on expenditures as established by the Town Council. Only the Council can revise appropriations. Year-end outstanding encumbrances are reported as a reserve of fund balance and re-appropriated in the subsequent year.

## **Cash Management**

The Town uses a pooled cash concept to allow greater investment flexibility and consequently a better return on investments. Cash from all funds is pooled for investment purposes in the Commonwealth of Virginia's Local Government Investment Pool and in Certificates of Deposit. The Town's checking account is an interest bearing public fund demand deposit account earning interest rates tied to the 90-day US T-Bill.

## **Risk Management**

The Town's various property and liability insurance coverage is provided by the Virginia Risk Sharing Association. The annual insurance costs are allocated to specific departments and funds based on assigned equipment, number of personnel, building usage, and other equitable cost estimates.

## **Independent Audit**

Virginia law requires that the financial statements of the Town be audited by a Certified Public Accountant (or alternatively, by the Auditor of Public Accounts) selected by the Town Council. Brown, Edwards & Company, L.L.P., has performed an annual audit of the Comprehensive Annual Financial Report. Their audit was conducted in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the

## **Independent Audit (Continued)**

Comptroller General of the United States; and *Specifications for Audit of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The auditor's report, which includes their opinion on the financial statements of the Town, is contained in this report on page one of the Financial Section. Other auditor's reports are included in the Compliance Section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

## **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a national award that recognizes conformance with the highest standards for preparation of government financial reports.


In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, the contents of which must conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town of Vinton has received a Certificate of Achievement since their first award in 1995. We believe our current report continues to conform with the Certificate of Achievement Program requirements, thus, this report is being submitted to GFOA.

## **Acknowledgements**

The preparation of this report was made possible through the diligent effort of the Treasurer/Finance Office with the support of all departments and staff. We would like to express our appreciation to the members of the Town Council for their support in the preparation of the Town of Vinton's comprehensive annual financial report and to the Town's independent auditing firm, Brown, Edwards & Company, L.L.P. for their cooperation and input in this work.

*Respectfully submitted,*

  
Barry W. Thompson  
Town Manager

  
Anne W. Cantrell  
Treasurer/Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Vinton  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

**TOWN OF VINTON, VIRGINIA**  
**DIRECTORY OF PRINCIPAL OFFICIALS**  
**June 30, 2019**

**TOWN COUNCIL**

Bradley E. Grose, Mayor  
Keith N. Liles, Vice Mayor  
Sabrina McCarty  
Janet Scheid  
Michael W. Stovall

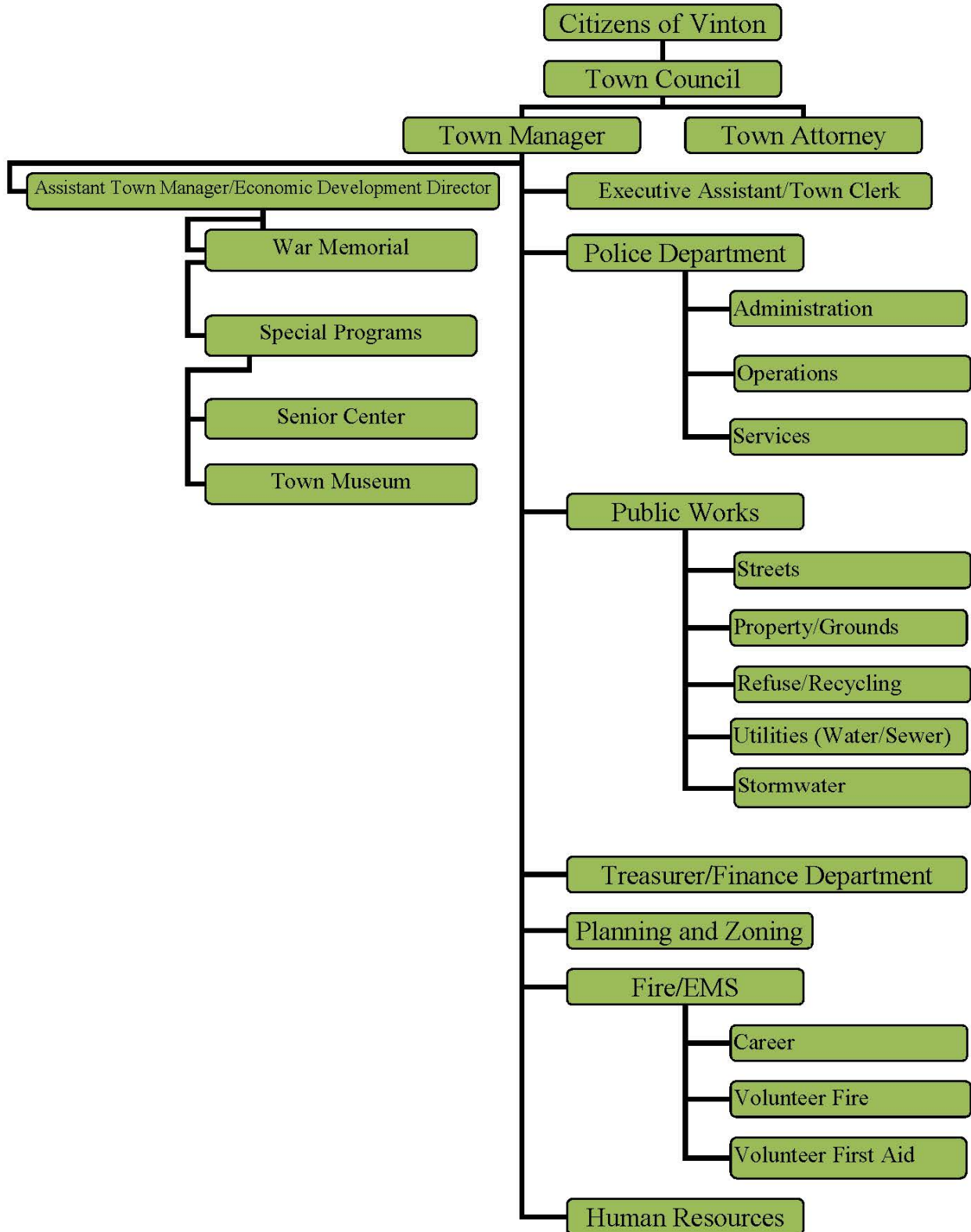
**APPOINTED OFFICIALS**

Barry W. Thompson..... Town Manager  
Anne W. Cantrell..... Finance Director/Treasurer  
Susan Johnson ..... Town Clerk  
Thomas Foster ..... Chief of Police

**INDEPENDENT AUDITORS**

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

## Organizational Chart





## FINANCIAL SECTION

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vinton, Virginia (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

**In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.**

## **Report on the Financial Statements (Continued)**

### ***Report on Summarized Comparative Information***

We have previously audited the Town's 2018 financial statements, and in our report dated November 15, 2018, we expressed unmodified opinions on those financial statements. The 2018 financial information is provided for comparative purposes only. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections 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 November 8, 2019 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 8, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Vinton, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

### Financial Highlights

- The total assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,958,131 (net position). Of this amount, \$3,344,025 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$945,587. This increase is largely due to total expenses of \$11,398,812 being less than total revenues of \$12,344,399. Another factor includes an increase of \$730,851 (8.96%) in current and other assets. However, capital assets continue to decrease by a total this fiscal year of \$649,728 with the final result being an increase of 0.29% in total assets.

On the other hand, long-term liabilities decreased by \$244,411 (2.03%), mostly due to normal reductions. Other liabilities decreased by \$93,655 (8.18%) which was due to a decrease in accounts payable and related liabilities and in accrued payroll and related liabilities due to end of year timing of these payments.

Deferred Outflows increased \$249,664 (36.58%) and Deferred Inflows decreased \$276,734 (21.97%) due to the net difference between projected and actual earnings on plan investments.

The final result of all these effects is a 6.75% increase in net position.

- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$3,750,688 an increase of \$528,182 in comparison with the prior year. This is mostly due to revenues over expenditures, but also due to a decrease of \$37,026 (6.12%) in total liabilities.
- Approximately 77.85% of the ending governmental fund balance, \$2,919,827 is available for spending at the Town's discretion (unassigned fund balance), and represents 36.61% of the governmental fund's expenditures.

### Overview of the Financial Statements

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

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

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

## Overview of the Financial Statements (Continued)

### Government-wide Financial Statements (Continued)

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result only in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

**Fund Financial Statements** – A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

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

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

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

**Proprietary Funds** – The Town maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its Water and Sewer Department.

*Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Department.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town's funding progress for the defined benefit pension plan.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, the net position was \$14,958,131 at the close of the most recent fiscal year.

By far the largest portion of the Town's net position (74.71%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that are still outstanding). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's Net Position						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 5,411,782	\$ 4,893,387	\$ 3,475,687	\$ 3,263,231	\$ 8,887,469	\$ 8,156,618
Capital assets	8,893,679	9,058,492	10,068,935	10,553,850	18,962,614	19,612,342
Total assets	14,305,461	13,951,879	13,544,622	13,817,081	27,850,083	27,768,960
Deferred outflows of resources	675,122	477,791	257,094	204,761	932,216	682,552
Current and other liabilities	584,285	621,099	467,057	523,898	1,051,342	1,144,997
Long-term liabilities	5,254,395	5,241,976	6,535,600	6,792,430	11,789,995	12,034,406
Total liabilities	5,838,680	5,863,075	7,002,657	7,316,328	12,841,337	13,179,403
Deferred inflows of resources	917,834	1,137,883	64,997	121,682	982,831	1,259,565
Net position						
Net investment in capital assets	6,562,966	6,548,322	4,612,847	4,760,652	11,175,813	11,308,974
Restricted	438,293	412,925	-	-	438,293	412,925
Unrestricted	1,222,810	467,465	2,121,215	1,823,180	3,344,025	2,290,645
Total net position	\$ 8,224,069	\$ 7,428,712	\$ 6,734,062	\$ 6,583,832	\$ 14,958,131	\$ 14,012,544

*Unrestricted net position* of \$3,344,025 may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the government as a whole, and for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**Governmental activities** – Governmental activities increased the Town's net position by \$795,357.

For the most part, revenues closely paralleled inflation and conditions represented in the economy and growth in the demand for services. Revenues from operating grants and contributions and capital grants and contributions remained relatively flat, whereas various taxes showed an increase over the prior year. Investment earnings also showed an increase because of the Town's investments and bond proceeds being invested in higher yields.

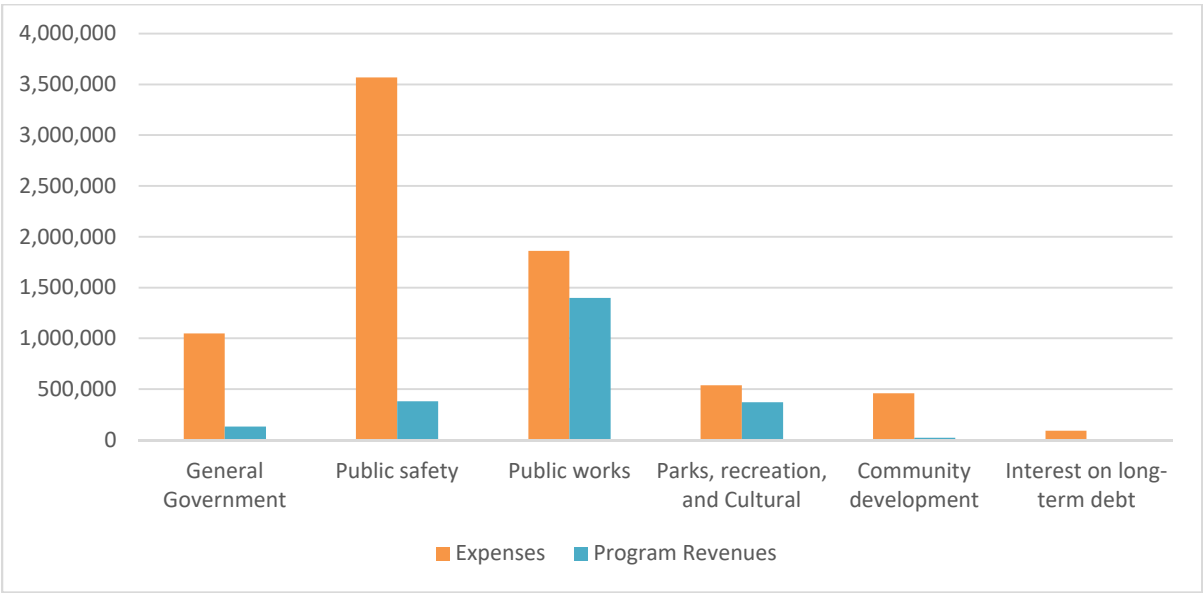
## Government-wide Financial Analysis (Continued)

	The Town's Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 700,984	\$ 709,926	\$ 3,386,429	\$ 3,354,057	\$ 4,087,413	\$ 4,063,983
Operating grants and contributions	1,531,540	1,539,975	-	-	1,531,540	1,539,975
Capital grants and contributions	72,006	84,184	-	-	72,006	84,184
General revenues						
Property taxes	726,573	684,319	-	-	726,573	684,319
Other taxes	4,538,798	4,191,215	-	-	4,538,798	4,191,215
Intergovernmental revenue unrestricted	812,923	770,645	-	-	812,923	770,645
Investment earnings	68,002	25,780	40,851	8,152	108,853	33,932
Other	69,900	57,781	379,813	299,102	449,713	356,883
Gain (loss) on sale	16,580	-	-	-	16,580	-
Total revenues	8,537,306	8,063,825	3,807,093	3,661,311	12,344,399	11,725,136
Expenses						
General government	1,049,355	962,685	-	-	1,049,355	962,685
Public safety	3,566,718	3,686,891	-	-	3,566,718	3,686,891
Public works	1,861,525	1,893,248	-	-	1,861,525	1,893,248
Parks, recreation, and cultural	539,309	517,122	-	-	539,309	517,122
Community development	461,068	416,637	-	-	461,068	416,637
Interest on long-term debt	92,062	94,963	-	-	92,062	94,963
Water and sewer	-	-	3,491,120	3,279,827	3,491,120	3,279,827
Stormwater management	-	-	337,655	253,188	337,655	253,188
Total expenses	7,570,037	7,571,546	3,828,775	3,533,015	11,398,812	11,104,561
Excess (deficit) of revenues over expenditures	967,269	492,279	(21,682)	128,296	945,587	620,575
Other Financing Sources (Uses)						
Transfers in (out)	(171,912)	(140,298)	171,912	140,298	-	-
total other financing sources (uses)	(171,912)	(140,298)	171,912	140,298	-	-
Change in net position	795,357	351,981	150,230	268,594	945,587	620,575
Net position – July 1	7,428,712	7,076,731	6,583,832	6,315,238	14,012,544	13,391,969
Net position – June 30	\$ 8,224,069	\$ 7,428,712	\$ 6,734,062	\$ 6,583,832	\$ 14,958,131	\$ 14,012,544

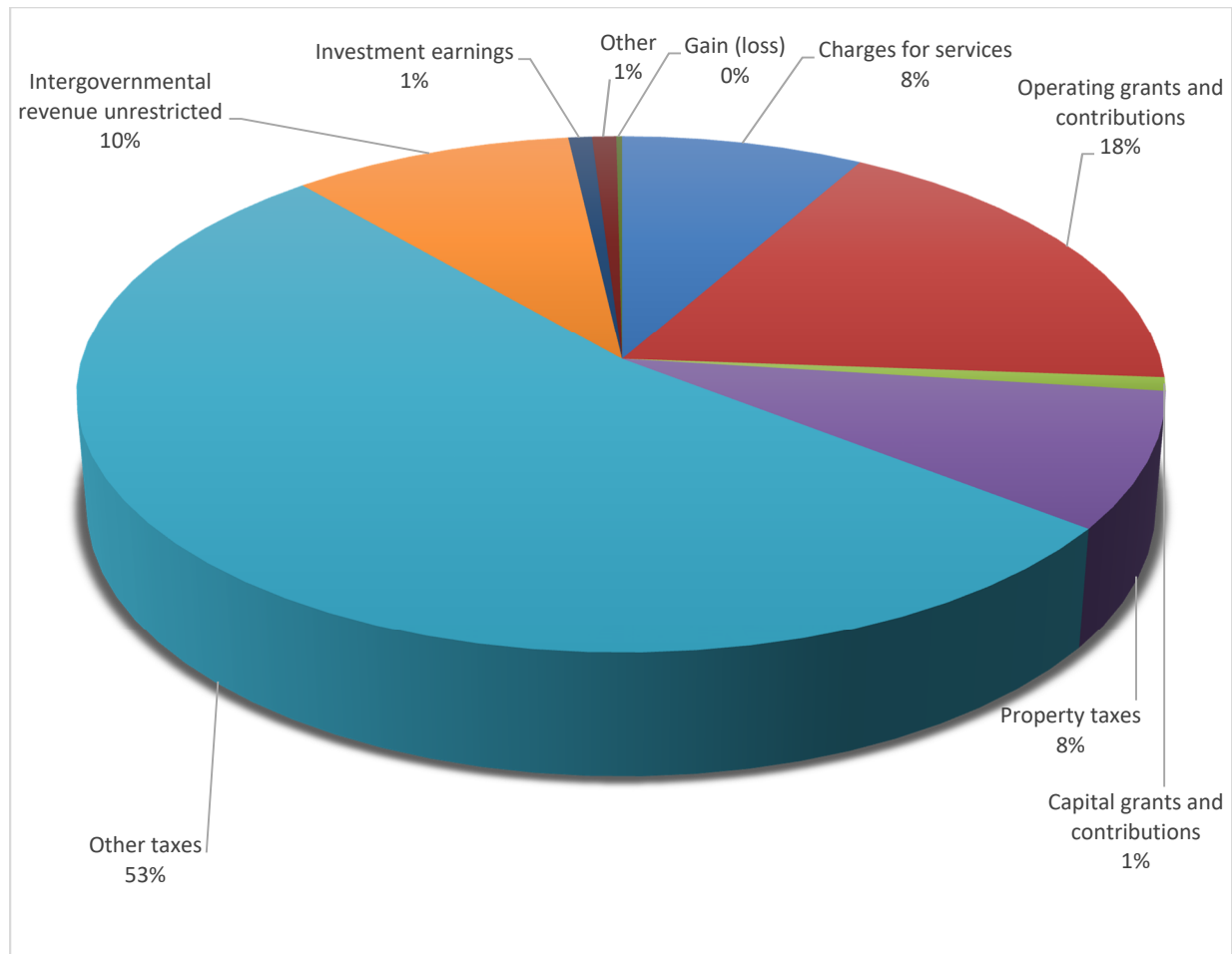


**Government-wide Financial Analysis (Continued)**

**Expenses and Program Revenues – Governmental Activities**



**Revenues by Source – Governmental Activities**



## Government-wide Financial Analysis (Continued)

**Business-type activities** – Business-type activities increased the Town's net position by \$150,230. The last increase by the Town was effective July 1, 2015 with a rate of 8.9%. There was no increase in fiscal year 2017, 2018, or 2019.

### Financial Analysis of the Government's Funds

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

**Governmental funds** – The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$3,750,688, an increase of \$528,182 in comparison with the prior year. This is due to revenues performing over expenditures, a decrease in liabilities of \$37,026 (6.12%), and an increase in nonspendable fund balance for land held for resale.

**Proprietary funds** – The Town's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Department at the end of the year amounted to \$2,172,853. Unrestricted net position of the Stormwater Management Department at the end of the year was a deficit of \$51,638. Factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

### General Fund Budgetary Highlights

Differences between the actual and the final amended budget for revenues were \$238,401 primarily due to Categorical Aid amounting to \$501,257. The decrease in Categorical Aid was primarily due to carryforward grants and re-appropriation of fund balance for the purchase of trash cans and land for economic development purposes.

Differences between the actual and the final amended budget for expenditures were \$1,253,612 with the majority being primarily due to unspent grant funding and other capital projects not completed.

Multiple variances between the final budget and the actual final results for the year can be briefly summarized as follows:

There was only a minor variance in real property taxes, and 99.10% of the budgeted amount was collected. The real property tax rate did not change from \$0.07 per \$100 of assessed value.

There was a positive variance of other local taxes of \$241,639 or 5.61%. This was primarily due to a change in the business license threshold from various levels to \$125,000 and an increase in the rates to match neighboring jurisdictions. The sales tax outperformed budget expectations. A new revenue source started in May 2019 with the opening of Rosie's facility, generating approximately \$100,000 in unbudgeted revenue.

There continues to be a downward trend in several revenue areas. In consumer's utility tax and cigarette tax, the trend has been continuously decreasing due to change in legislation, consumer habits, and application of the tax to products that are being replaced with newer items. These impacts are not only felt in the Town of Vinton, but across the region. There was a small unfavorable variance in fines & forfeitures, the revenue was reviewed in the upcoming budget process and was reduced to match revised expectations. There was also a decrease in the charges for services due to less revenue received for the fee for transport and War Memorial rentals. These items were also reviewed in the upcoming budget and reduced to match the revised forecast.

## General Fund Budgetary Highlights (Continued)

**All expenditures by budget functions have favorable variances due to concerted efforts of all departments to control and minimize expenditures. The transfer to the Stormwater Fund was reduced \$76,646 from anticipated budget, and was a component of the favorable balance in the General Fund.**

The Stormwater Management Fund was created in fiscal year 2017 to allow for better tracking of expenses. Prior to creation of this fund, the costs were being paid for by the General Fund and Utility Fund where applicable. Costs that were previously budgeted for in the General Fund and Utility Fund were treated as a fund transfer to the stormwater fund to cover expenditures.

## Capital Asset and Debt Administration

**Capital assets** – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$18,962,614 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure, machinery, and equipment. The total decrease in the Town’s investment in capital assets for the current fiscal year was 3.31% (a 1.82% decrease for governmental activities and a 4.59% decrease for business-type activities). Additional information on the Town’s capital assets can be found in Note 5 of this report.

### The Town’s Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,832,033	\$ 1,832,033	\$ 80,752	\$ 80,752	\$ 1,912,785	\$ 1,912,785
Buildings and systems	4,551,606	4,747,664	7,214,760	7,711,634	11,766,366	12,459,298
Infrastructure	1,806,110	1,934,831	-	-	1,806,110	1,934,831
Improvements other than buildings	-	-	2,141,389	2,285,350	2,141,389	2,285,350
Machinery and equipment	552,643	336,827	632,034	463,268	1,184,677	800,095
Construction in progress	151,287	207,137	-	12,846	151,287	219,983
Total	<u>\$ 8,893,679</u>	<u>\$ 9,058,492</u>	<u>\$ 10,068,935</u>	<u>\$ 10,553,850</u>	<u>\$ 18,962,614</u>	<u>\$ 19,612,342</u>

**Long-term debt** – At the end of the current fiscal year, the Town had total debt outstanding of \$8,847,668. Of this amount, \$5,765,236 comprises debt backed by the full faith and credit of the government, \$1,687,000 is related to revenue bond obligations, and \$1,019,275 is related to capital leases.

### The Town’s Outstanding Debt General Obligation and Capital Leases

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 2,311,756	\$ 2,617,814	\$ 3,453,480	\$ 3,789,564	\$ 5,765,236	\$ 6,407,378
Revenue bonds	-	-	1,687,000	1,852,000	1,687,000	1,852,000
Other obligations	139,296	203,036	236,861	252,532	376,157	455,568
Capital leases	352,931	240,612	666,344	498,198	1,019,275	738,810
	<u>\$ 2,803,983</u>	<u>\$ 3,061,462</u>	<u>\$ 6,043,685</u>	<u>\$ 6,392,294</u>	<u>\$ 8,847,668</u>	<u>\$ 9,453,756</u>

The Town’s total debt decreased by \$606,088, or 6.41%, during the fiscal year. This decrease is due to the payment of principal payment on outstanding debt.

Additional information on the Town’s long-term debt can be found in Note 6 of this report.

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

During the current year, the Town felt impacts of a better local economy after years of little to no revenue growth. Several key revenue areas increased during the year, and a new source of revenue was introduced with the re-opening of off-track betting in Town limits. The Town has previously had limited funding for capital items due to revenue impacts from the recession, and has dedicated these new revenues to improve and replace capital items vital to the Town's services.

- The unemployment rate for Roanoke County (no statistics are available for the Town individually) as of June 30, 2019 is 2.90%, which is a decrease from last year's rate of 3.40%. This is comparable to the state's average unemployment rate as of June 30, 2019 of 2.90% and to the national average rate of 3.70%.
- The occupancy rate of the Town's central business district has remained at 90% for the past five years.
- Inflationary trends in the region compare favorably to national indices.
- No real property tax increase for calendar year 2019, but a reassessment increase in real estate values slightly increased the tax levy.

During the current fiscal year, the unassigned fund balance in the general fund increased by \$244,173. The general fund remains strong with an ending unassigned fund balance of \$2,919,827. It is intended that this available fund balance will be used for future needs of the Town and as working capital during the months of low cash collection volume.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department/Treasurer's Office, Town of Vinton, 311 S. Pollard Street, Vinton, Virginia 24179.

# **BASIC FINANCIAL STATEMENTS**

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## TOWN OF VINTON, VIRGINIA

STATEMENT OF NET POSITION  
June 30, 2019

			Totals	
	Governmental Activities	Business-Type Activities	2019	(For Comparison Only) 2018
<b>ASSETS</b>				
Cash and cash equivalents (Note 2)	\$ 3,994,138	\$ 2,219,816	\$ 6,213,954	\$ 5,647,332
Receivables, net (Note 3)	447,919	646,368	1,094,287	1,029,636
Due from other governmental units (Note 4)	385,678	-	385,678	449,644
Inventories	1,543	57,255	58,798	49,891
Land held for resale	168,375	-	168,375	-
Prepays	68,960	17,257	86,217	80,760
Loans receivable	35,487	-	35,487	69,126
Cash and cash equivalents, restricted (Note 2)	309,682	534,991	844,673	830,229
Capital assets: (Note 5)				
Nondepreciable	1,983,320	80,752	2,064,072	2,132,768
Depreciable, net	6,910,359	9,988,183	16,898,542	17,479,574
Total assets	14,305,461	13,544,622	27,850,083	27,768,960
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	93,455	98,957	192,412	221,087
Deferred outflows related to pensions (Notes 7 & 10)	518,313	151,194	669,507	418,855
Deferred outflows related to other postemployment benefits (Notes 8, 9, & 10)	63,354	6,943	70,297	42,610
Total deferred outflows of resources	675,122	257,094	932,216	682,552
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	327,904	323,611	651,515	727,643
Accrued payroll and related liabilities	225,353	53,659	279,012	289,150
Accrued interest payable	16,139	44,087	60,226	65,885
Customer security deposits	-	45,700	45,700	44,100
Unearned revenue	14,889	-	14,889	18,219
Long-term liabilities due within one year (Note 6)	576,242	663,046	1,239,288	1,154,050
Noncurrent liabilities due in more than one year:				
Net pension liability (Notes 7 & 10)	1,306,978	381,250	1,688,228	1,411,290
Net other post employment benefit liability (Notes 8, 9 & 10)	733,653	80,884	814,537	741,001
Long-term liabilities due in more than one year (Note 6)	2,637,522	5,410,420	8,047,942	8,728,065
Total liabilities	5,838,680	7,002,657	12,841,337	13,179,403
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	671,614	-	671,614	663,409
Deferred inflows related to pensions (Notes 7 & 10)	208,730	60,888	269,618	547,498
Deferred inflow related to other postemployment benefits (Notes 8, 9, & 10)	37,490	4,109	41,599	48,658
Total deferred inflows of resources	917,834	64,997	982,831	1,259,565
<b>NET POSITION</b>				
Net investment in capital assets	6,562,966	4,612,847	11,175,813	11,308,974
Restricted for:				
Public safety	180,691	-	180,691	155,323
Public works	257,602	-	257,602	257,602
Unrestricted	1,222,810	2,121,215	3,344,025	2,290,645
Total net position	\$ 8,224,069	\$ 6,734,062	\$ 14,958,131	\$ 14,012,544

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

## TOWN OF VINTON, VIRGINIA

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2019	(For Comparison Only) 2018
Governmental activities								
General government administration	\$ 1,049,355	\$ 127,096	\$ 4,000	\$ -	\$ (918,259)		\$ (918,259)	\$ (832,829)
Public safety	3,566,718	84,876	292,650	3,500	(3,185,692)		(3,185,692)	(3,242,310)
Public works	1,861,525	114,918	1,234,090	49,260	(463,257)		(463,257)	(565,166)
Parks, recreation, and cultural	539,309	369,932	-	607	(168,770)		(168,770)	(141,961)
Community development	461,068	4,162	800	18,639	(437,467)		(437,467)	(360,232)
Interest on long-term debt	92,062	-	-	-	(92,062)		(92,062)	(94,963)
Total governmental activities	7,570,037	700,984	1,531,540	72,006	(5,265,507)		(5,265,507)	(5,237,461)
Business-type activities								
Water and sewer	3,491,120	3,386,429	-	-	-	\$ (104,691)	(104,691)	74,230
Stormwater management	337,655	-	-	-	-	(337,655)	(337,655)	(253,188)
Total business-type activities	3,828,775	3,386,429	-	-	-	(442,346)	(442,346)	(178,958)
Total	\$ 11,398,812	\$ 4,087,413	\$ 1,531,540	\$ 72,006	(5,265,507)	(442,346)	(5,707,853)	(5,416,419)
<b>General revenues</b>								
Property taxes (Note 12)					726,573	-	726,573	684,319
Sales tax					1,469,693	-	1,469,693	1,370,590
Meals tax					1,078,908	-	1,078,908	966,053
Utilities tax					735,791	-	735,791	756,225
Business license tax					586,739	-	586,739	482,003
Cigarette tax					153,104	-	153,104	175,020
Other local taxes					514,563	-	514,563	441,324
Unrestricted intergovernmental revenue					812,923	-	812,923	770,645
Unrestricted investment earnings					50,855	9,007	59,862	33,407
Restricted investment earnings					17,147	31,844	48,991	525
Gain on sale of assets					16,580	-	16,580	-
Other					69,900	379,813	449,713	356,883
<b>Transfers (Note 17)</b>					(171,912)	171,912	-	-
Total general revenues					6,060,864	592,576	6,653,440	6,036,994
Change in net position					795,357	150,230	945,587	620,575
<b>NET POSITION AT JULY 1</b>					7,428,712	6,583,832	14,012,544	13,391,969
<b>NET POSITION AT JUNE 30</b>					\$ 8,224,069	\$ 6,734,062	\$ 14,958,131	\$ 14,012,544

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



## TOWN OF VINTON, VIRGINIA

**BALANCE SHEET**  
**GOVERNMENTAL FUND**  
**June 30, 2019**

	<b>General Fund</b>	
		<b>(For Comparison Only)</b>
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,994,138	\$ 3,610,785
Receivables, net	447,919	400,797
Due from other governmental units	385,678	449,644
Inventories	1,543	2,331
Land held for resale	168,375	-
Prepays	68,960	63,666
Loans receivable	35,487	69,126
Cash and cash equivalents, restricted	309,682	297,038
Total assets	<u>\$ 5,411,782</u>	<u>\$ 4,893,387</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 327,904	\$ 348,592
Accrued payroll and related liabilities	225,353	238,361
Unearned revenue	14,889	18,219
Total liabilities	<u>568,146</u>	<u>605,172</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>1,092,948</u>	<u>1,065,709</u>
<b>FUND BALANCES</b>		
Nonspendable	323,947	103,927
Restricted	438,293	412,925
Committed	30,000	30,000
Assigned	38,621	-
Unassigned	2,919,827	2,675,654
Total fund balances	<u>3,750,688</u>	<u>3,222,506</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,411,782</u>	<u>\$ 4,893,387</u>

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

## TOWN OF VINTON, VIRGINIA

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

	<u>General Fund</u>	
		(For Comparison Only)
	<u>2019</u>	<u>2018</u>
<b>Total Fund Balances – Governmental Fund</b>	\$ 3,750,688	\$ 3,222,506
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.		
Governmental capital assets	\$ 19,352,967	
Less: accumulated depreciation	<u>(10,459,288)</u>	
	8,893,679	9,058,492
Bond premiums are reported as revenues in the governmental funds, but are amortized over the life of the debt obligation in the statement of net position:		
Bond premiums total \$(65,279) and accumulated amortization is \$48,196.	(17,083)	(19,359)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	421,334	402,300
Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	518,313	
Other postemployment benefits	63,354	
Deferred inflows related to:		
Pensions	(208,730)	
Other postemployment benefits	(37,490)	
Net pension liability	(1,306,978)	
Net other postemployment benefits liability	<u>(733,653)</u>	
	(1,705,184)	(1,883,688)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds, including unamortized deferred amounts	(2,218,301)	
Obligations payable – Roanoke County and RCACP	(139,296)	
Capital lease obligations	(352,931)	
Accrued interest payable	(16,139)	
Compensated absences	<u>(392,698)</u>	
	(3,119,365)	(3,351,539)
<b>Total Net Position – Governmental Activities</b>	<u>\$ 8,224,069</u>	<u>\$ 7,428,712</u>

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

## TOWN OF VINTON, VIRGINIA

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

	<b>General Fund</b>	
		<b>(For Comparison Only)</b>
	<b>2019</b>	<b>2018</b>
<b>REVENUES</b>		
General property taxes	\$ 700,649	\$ 685,924
Other local taxes	4,545,688	4,182,822
Permits, privilege fees, and regulatory licenses	6,408	8,955
Fines and forfeitures	60,652	71,210
Revenues from use of money and property	187,142	148,433
Charges for services	382,806	377,369
Other	136,351	137,547
Gain sharing	600,983	567,201
Recovered costs	67,319	52,732
Non-categorical aid	418,427	402,537
Categorical aid	1,395,267	1,422,307
Total revenues	<u>8,501,692</u>	<u>8,057,037</u>
<b>EXPENDITURES</b>		
Current:		
General government administration	711,058	695,683
Public safety	3,577,731	3,703,343
Public works	1,485,888	1,775,465
Parks, recreation, and cultural	515,693	533,892
Community development	458,435	485,624
Capital projects	734,326	37,880
Debt service:		
Principal retirement	414,532	436,699
Interest and fiscal charges	77,568	83,211
Total expenditures	<u>7,975,231</u>	<u>7,751,797</u>
Excess of revenues over expenditures	<u>526,461</u>	<u>305,240</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from capital lease	157,053	257,602
Proceeds from sale of capital assets	16,580	-
Transfers out	(171,912)	(140,298)
Total other financing sources (uses)	<u>1,721</u>	<u>117,304</u>
Net change in fund balance	528,182	422,544
<b>FUND BALANCE AT JULY 1</b>	<u>3,222,506</u>	<u>2,799,962</u>
<b>FUND BALANCE AT JUNE 30</b>	<u><u>\$ 3,750,688</u></u>	<u><u>\$ 3,222,506</u></u>

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

## TOWN OF VINTON, VIRGINIA

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

	<u>General Fund</u>	
	<u>(For</u>	
	<u>Comparison</u>	
	<u>Only)</u>	
	<u>2019</u>	<u>2018</u>
<b>Net change in fund balance governmental fund</b>	\$ 528,182	\$ 422,544
Amounts reported for governmental activities in the statement of activities are different because:		
The net effect of the change in accrued interest expense is not reflected in the fund statements.	(212)	2,528
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay \$417,396 exceeded depreciation \$582,209 and the value of capital assets disposed in the current period.	(164,813)	(449,349)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	19,034	6,788
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which employer pension contributions \$328,566 exceed pension expense \$114,803 in the current period.	213,763	225,055
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.		
Employer other postemployment benefit contributions	\$17,000	
Other postemployment benefits expense	(52,259)	
	(35,259)	(35,910)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences.	243,197	164,817
Some items 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. These activities consist of a increase in compensated absences \$8,535.	(8,535)	15,508
<b>Change in net position of governmental activities</b>	<u>\$ 795,357</u>	<u>\$ 351,981</u>

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

## TOWN OF VINTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –  
GENERAL FUND  
Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
General property taxes	\$ 707,000	\$ 707,000	\$ 700,649	\$ (6,351)
Other local taxes	4,298,049	4,304,049	4,545,688	241,639
Permits, privilege fees, and regulatory licenses	9,950	9,950	6,408	(3,542)
Fines and forfeitures	87,100	87,100	60,652	(26,448)
Revenues from use of money and property	173,500	173,500	187,142	13,642
Charges for services	397,750	399,750	382,806	(16,944)
Other	126,750	126,750	136,351	9,601
Gain sharing	567,200	567,200	600,983	33,783
Recovered costs	7,000	48,503	67,319	18,816
Non-categorical aid	419,767	419,767	418,427	(1,340)
Categorical aid	1,243,399	1,896,524	1,395,267	(501,257)
Total revenues	8,037,465	8,740,093	8,501,692	(238,401)
<b>EXPENDITURES</b>				
Current:				
General government administration	701,097	757,448	711,058	46,390
Public safety	3,613,152	3,693,709	3,577,731	115,978
Public works	1,533,084	1,530,083	1,485,888	44,195
Parks, recreation, and cultural	570,956	566,613	515,693	50,920
Community development	552,947	521,947	458,435	63,512
Capital projects	523,005	1,662,730	734,326	928,404
Debt service:				
Principal retirement	412,903	423,035	414,532	8,503
Interest and fiscal charges	70,843	73,278	77,568	(4,290)
Total expenditures	7,977,987	9,228,843	7,975,231	1,253,612
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from capital lease	-	156,804	157,053	249
Proceeds from sale of capital assets	1,000	1,000	16,580	15,580
Transfers out	(250,478)	(248,558)	(171,912)	76,646
Total other financing sources	(249,478)	(90,754)	1,721	92,475
Net change in fund balance	\$ (190,000)	\$ (579,504)	\$ 528,182	\$ 1,107,686

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

**TOWN OF VINTON, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2019**

	Business-Type Activities – Enterprise Funds			
	2019			2018
	Water and Sewer	Stormwater Management	Total Enterprise	Total Enterprise (For Comparison Only)
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,194,266	\$ 25,550	\$ 2,219,816	\$ 2,036,547
Receivables, net	646,368	-	646,368	628,839
Inventories	57,255	-	57,255	47,560
Prepays	15,089	2,168	17,257	17,094
Cash and cash equivalents, restricted	534,991	-	534,991	533,191
Total current assets	3,447,969	27,718	3,475,687	3,263,231
Noncurrent assets:				
Capital assets:				
Nondepreciable	80,752	-	80,752	93,598
Depreciable, net	9,757,523	230,660	9,988,183	10,460,252
Total noncurrent assets	9,838,275	230,660	10,068,935	10,553,850
Total assets	13,286,244	258,378	13,544,622	13,817,081
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	98,957	-	98,957	111,074
Deferred outflows related to pensions (Notes 7 & 10)	122,335	28,859	151,194	89,426
Deferred outflows related to other postemployment benefits (Notes 8, 9, & 10)	6,075	868	6,943	4,261
Total deferred outflows of resources	227,367	29,727	257,094	204,761
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	321,175	2,436	323,611	379,051
Accrued payroll and related liabilities	42,871	10,788	53,659	50,789
Accrued interest payable	44,087	-	44,087	49,958
Customer security deposits	45,700	-	45,700	44,100
Current portion of noncurrent liabilities	631,379	31,667	663,046	622,915
Total current liabilities	1,085,212	44,891	1,130,103	1,146,813
Noncurrent liabilities:				
Net pension liability (Notes 7 & 10)	308,480	72,770	381,250	301,310
Net other postemployment benefit liability (Notes 8, 9, & 10)	70,063	10,821	80,884	73,989
Due in more than one year	5,199,252	211,168	5,410,420	5,794,216
Total noncurrent liabilities	5,577,795	294,759	5,872,554	6,169,515
Total liabilities	6,663,007	339,650	7,002,657	7,316,328
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions (Notes 7 & 10)	49,266	11,622	60,888	116,891
Deferred inflows related to other postemployment benefits (Notes 8, 9, & 10)	3,595	514	4,109	4,791
Total deferred inflows of resources	52,861	12,136	64,997	121,682
<b>NET POSITION</b>				
Net investment in capital assets	4,624,890	(12,043)	4,612,847	4,760,652
Unrestricted	2,172,853	(51,638)	2,121,215	1,823,180
Total net position	\$ 6,797,743	\$ (63,681)	\$ 6,734,062	\$ 6,583,832

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

## TOWN OF VINTON, VIRGINIA

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

	Business-Type Activities – Enterprise Fund			
	2019			2018
		Stormwater Management	Total Enterprise	Total Enterprise (For Comparison Only)
	Water and Sewer			
<b>OPERATING REVENUES</b>				
Water service charges and fees	\$ 1,573,041	\$ -	\$ 1,573,041	\$ 1,552,545
Sewer service charges and fees	1,764,815	-	1,764,815	1,749,192
Water/sewer penalties	48,573	-	48,573	52,320
Other revenue	379,792	21	379,813	299,102
Total operating revenues	3,766,221	21	3,766,242	3,653,159
<b>OPERATING EXPENSES</b>				
Salaries	774,719	178,271	952,990	913,199
Fringe benefits	276,252	69,948	346,200	328,787
Contractual services	73,745	32,463	106,208	67,155
Maintenance	229,704	-	229,704	226,068
Rent, utilities, and insurance	260,056	760	260,816	257,422
Materials and supplies	97,475	9,559	107,034	126,991
Equipment repairs and rentals	56,972	-	56,972	38,062
Sewage treatment	457,041	-	457,041	325,956
Purchase of water	143,775	-	143,775	124,102
Other	170,345	36,889	207,234	189,606
Depreciation	768,067	8,543	776,610	766,804
Total operating expenses	3,308,151	336,433	3,644,584	3,364,152
Operating income (loss)	458,070	(336,412)	121,658	289,007
<b>NON-OPERATING REVENUE (EXPENSE)</b>				
Interest income	40,851	-	40,851	8,152
Interest expense	(182,969)	(1,222)	(184,191)	(168,863)
Net non-operating expense	(142,118)	(1,222)	(143,340)	(160,711)
Income (loss) before transfers	315,952	(337,634)	(21,682)	128,296
<b>TRANSFERS IN (OUT)</b>	(171,912)	343,824	171,912	140,298
Change in net position	144,040	6,190	150,230	268,594
<b>NET POSITION AT JULY 1</b>	6,653,703	(69,871)	6,583,832	6,315,238
<b>NET POSITION AT JUNE 30</b>	\$ 6,797,743	\$ (63,681)	\$ 6,734,062	\$ 6,583,832

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

## TOWN OF VINTON, VIRGINIA

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2019**

	Business-Type Activities – Enterprise Fund			Total Enterprise (For Comparison Only)
	2019		2018	
	Water and Sewer	Stormwater Management	Total Enterprise	
<b>OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 3,370,500	\$ -	\$ 3,370,500	\$ 3,351,131
Receipts from other sources	379,792	21	379,813	299,102
Payments to suppliers	(1,543,248)	(79,740)	(1,622,988)	(1,313,949)
Payments to employees	(1,074,833)	(250,226)	(1,325,059)	(1,281,075)
Net cash provided by (used in) operating activities	1,132,211	(329,945)	802,266	1,055,209
<b>NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from (to) other funds	(171,912)	343,824	171,912	140,298
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchases of capital assets	(63,586)	-	(63,586)	(118,846)
Principal paid on long-term liabilities	(591,312)	-	(591,312)	(595,555)
Proceeds from long-term liabilities	-	3,500	3,500	534,810
Interest paid	(177,340)	(1,222)	(178,562)	(166,641)
Net cash provided by (used in) capital and related financing activities	(832,238)	2,278	(829,960)	(346,232)
<b>INVESTING ACTIVITIES</b>				
Interest received on investments	40,851	-	40,851	8,152
Net increase in cash and cash equivalents	168,912	16,157	185,069	857,427
<b>CASH AND CASH EQUIVALENTS</b>				
Beginning at July 1	2,560,345	9,393	2,569,738	1,712,311
Ending at June 30	\$ 2,729,257	\$ 25,550	\$ 2,754,807	\$ 2,569,738
<b>RECONCILIATION TO EXHIBIT 8</b>				
Cash and cash equivalents	\$ 2,194,266	\$ 25,550	\$ 2,219,816	\$ 2,036,547
Cash and cash equivalents, restricted	534,991	-	534,991	533,191
	\$ 2,729,257	\$ 25,550	\$ 2,754,807	\$ 2,569,738
<b>Reconciliation of operating income to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ 458,070	\$ (336,412)	\$ 121,658	\$ 289,007
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	768,067	8,543	776,610	766,804
Pension expense net of employer contributions	(34,847)	(2,984)	(37,831)	(30,953)
Other postemployment benefit expense net of employer contributions	5,902	(2,371)	3,531	3,713
Change in certain assets and liabilities:				
(Increase) decrease in:				
Receivables, net	(17,529)	-	(17,529)	(4,026)
Inventories	(9,695)	-	(9,695)	483
Prepays	146	(309)	(163)	(2,705)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(44,586)	240	(44,346)	43,635
Accrued payroll and related liabilities	(346)	3,216	2,870	3,082
Customer security deposits	1,600	-	1,600	1,100
Compensated absences	5,429	132	5,561	(14,931)
Net cash provided by (used in) operating activities	\$ 1,132,211	\$ (329,945)	\$ 802,266	\$ 1,055,209
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital asset purchases included in accounts payable	\$ 26,771	\$ -	\$ 26,771	\$ 37,865
Capital asset purchases using capital lease proceeds	\$ -	\$ 239,203	\$ 239,203	\$ -
Capitalized interest	\$ -	\$ -	\$ -	\$ 323

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



**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies**

**A. The Financial Reporting Entity**

The Town of Vinton was established in 1884. It is a political subdivision of the Commonwealth of Virginia operating under the Council-Manager form of government. The Town Council consists of a mayor and four other council members. The Town is part of Roanoke County and has taxing powers subject to state-wide restrictions and tax limits.

Vinton provides a full range of municipal services including police, refuse collection, recycling, public improvements, planning and zoning, general administrative services, fire, first aid, recreation, and water and sewer services. Fire and first-aid services are supplemented by volunteer departments.

**Jointly Governed Organizations**

**Roanoke Valley Resource Authority**

The Town of Vinton, Roanoke County, and the City of Roanoke jointly participate in the Roanoke Valley Resource Authority, which operates a regional solid waste disposal system that includes a sanitary landfill, waste collection, and transfer station. The Authority is governed by a board composed of seven members appointed by the governing bodies of participating jurisdictions. Town Council appoints one member. The Town has control over the budget and financing of the Authority only to the extent of representation by the board member appointed. The participating localities are each responsible for their pro-rata share, based on population, of any year-end operating deficit. For the current year, the Town remitted \$192,741 to the Authority for services. A separate financial statement can be obtained from the Roanoke Valley Resource Authority, 110 Hollins Road, NE, Roanoke, Virginia 24012.

**Roanoke Valley Regional Pound Facility**

The Counties of Roanoke and Botetourt, the City of Roanoke, the Town of Vinton, and the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. formed the Advisory Board of the Roanoke Valley Regional Pound Facility to construct and operate a regional pound facility. The Board is composed of nine members. Each locality's financial obligation is based on the number of animals caged per day at the facility. The Town's proportionate share totaled \$50,545 for the current year. Separate financial statements are not available.

**Roanoke County Emergency Communications Center**

The Town participates in an intergovernmental agreement with the County of Roanoke for the operation of a E-911 dispatch center. All personnel of the Center are employees of Roanoke County. The Director of Communications & Information Technology in coordination with the Emergency Communications Center Advisory Board is responsible for oversight of the Center. The Assistant Director for Communications and Information Technology is responsible for the day-to-day operational management of the Center. The Town and County contribute to the operational cost of the Center based on the pro rata share of call volume. The Town's share of the operating cost was approximately \$456,235 in the current year. Separate financial statements are not available.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**A. The Financial Reporting Entity (Continued)**

**Jointly Governed Organizations (Continued)**

**Western Virginia Regional Industrial Facility Authority**

The Town of Vinton, County of Botetourt, County of Franklin, County of Roanoke, City of Salem, and the City of Roanoke jointly participate in the Western Virginia Regional Industrial Facility Authority, which functions to enhance the economic base for members by developing, owning, and operating facilities on a cooperative basis. The Authority is governed by a board composed of twelve members appointed by the governing bodies of participating jurisdictions. Town Council appoints two members. There were no associated costs to members for participation in the Authority in the current year. A separate financial statement can be obtained from the Western Virginia Regional Industrial Facility Authority care of Roanoke Regional Partnership, 111 Franklin Road, SE, Roanoke, Virginia 24011.

**Joint Venture**

**Regional Fire Training Facility**

The Town participates in an intergovernmental agreement with the County of Roanoke and the Cities of Roanoke and Salem for the operation of a regional fire training facility. The Roanoke Valley Regional Fire Training Academy Board is responsible for overseeing the management, operation, and administration of the Academy. Each participating jurisdiction maintains a leasehold interest in the project and shares costs of operation and maintenance equal to the jurisdiction's payment percentage as defined in the agreement. The Town's participating interest is 4%. The Town's share of the operating cost was approximately \$3,545 in the current year. Separate financial statements are not available.

**B. Individual Component Unit Disclosures**

As required by generally accepted accounting principles, these financial statements present the Town as the primary government. A *component unit* is an entity for which the primary government is considered to be financially accountable. There are no component units within this reporting entity.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for the governmental fund and proprietary funds.

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

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

The Town reports the following major governmental fund:

The *general fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The *enterprise funds* account for the financing of services to the general public where all or most of the operating expenses involved are intended to be recovered in the form of user charges, or where management has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for management control, accountability, or other purposes. The enterprise funds consist of the activities relating to water and sewer services and stormwater management.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer enterprise fund are charges to customers for sales and services. The stormwater management fund has not begun to collect dedicated utility fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**E. Budgets and Budgetary Accounting**

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

- 1) Prior to June 30, the Town Manager submits to Council a proposed operating and capital budget for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain citizen comments.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**E. Budgets and Budgetary Accounting (Continued)**

- 3) Prior to June 30, the budgets for the general and enterprise funds are legally enacted through passage of an appropriations ordinance. Town Council may, from time to time, amend the budget providing for additional expenditures and the means for financing them. Town Council approved additional general fund appropriations of approximately \$1,249,000 during the fiscal year ended June 30, primarily for capital projects deferred from the prior year and additional operating expenditures.
- 4) The appropriations ordinance places legal restrictions on expenditures at the department or function level. Management can over-expend at the line item level without approval of Town Council. The appropriation for each department or function can be revised only by Town Council. The Town Manager is authorized to transfer budget amounts within departments. All budget data presented in Exhibit 7 is at the legal level of budgetary control.
- 5) Formal budgetary integration is employed as a management control device during the year for the general and enterprise funds.
- 6) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7) Appropriations lapse on June 30.
- 8) All budget data presented in the accompanying financial statements are revised as of June 30.

**F. Cash and Cash Equivalents**

Cash and cash equivalents are defined as short-term, highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased.

**G. Allowance for Uncollectible Accounts**

The Town calculates its allowance for uncollectible accounts using historical collection data and specific account analysis.

**H. Inventories**

Inventories are valued at cost. Inventories are accounted for under the consumption method, where inventories are recorded as expenditures when consumed, rather than when purchased.

**I. Prepaid Items**

Governmental fund prepaid items consist primarily of health insurance premiums payments incurred for periods in a subsequent fiscal year. Prepaid items are accounted for using the consumption method. The payments are recorded as expenditures in the fiscal year related to the coverage period.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**I. Prepaid Items (Continued)**

Proprietary fund prepaid items consist primarily of inventory purchased before year end but not received and on hand until after year end. Prepaid items are accounted for using the consumption method. The costs of these items are expensed in the subsequent fiscal year when they are actually consumed or used.

**J. Land Held for Resale**

Land held for resale represents a property that was purchased by the Town for the purposes of economic development. The Town intends to sell the property as soon as possible and thus it will not be placed into service to benefit the Town.

**K. Capital Assets**

Capital assets, which include property, plant, and equipment, and infrastructure assets acquired subsequent to July 1, 2001, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. *Capital assets* are defined by the Town as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Buildings and improvements	10-40 years
Machinery and equipment	3-10 years
Utility plant	20-40 years
Public domain infrastructure	25-40 years
Sewage treatment contract	30 years

**L. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements that present net position report a separate section for deferred outflows of resources. These items represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statements that present financial position report a separate section for deferred inflows or resources. These items represent an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**M. Compensated Absences**

The Town has policies which allow for the accumulation and vesting of limited amounts of vacation and sick leave until termination or retirement. Amounts of such absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only when the leave is due and payable.

**N. Pensions and Other Postemployment Benefits (OPEB)**

For purposes of measuring all financial statement elements relating to pension and OPEB plans, information about the fiduciary net position of the Town's plans and the additions to/deductions from the Town's plan's net fiduciary net 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.

**O. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, *long-term debt* and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**P. Fund Balances**

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources. The classifications are as follows:

- **Nonspendable** – Amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.
- **Restricted** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- **Committed** – Amounts constrained to specific purposes by the Town, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purposes unless the same highest level of action is taken to remove or change the constraint.
- **Assigned** – Amounts the Town intends to use for a specified purpose; intent can be expressed by the governing body.
- **Unassigned** – Amounts that are available for any purpose; positive amounts are reported only in the general fund.

Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. The degree of difficulty to remove an ordinance is greater than a resolution; therefore an ordinance is the most binding. Assigned fund balance is established by Council, the Town Manager, or the Director of Finance through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, debt service, or for other purposes).

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Minimum Fund Balance Policy**

The Town strives to maintain a General Fund reserve equal to two months of discretionary General Fund revenues.

**Q. Net Position**

The storm water management fund has a deficit of \$12,043 in net investment in capital assets due to a timing difference of when a new vehicle was placed into service and begun depreciation and the first principal payment which was not until after year end.

(Continued)



**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**R. Estimates**

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

**S. Comparative Information**

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the prior year from which the summarized information was derived.

**T. Reclassifications**

Certain amounts in the prior-year comparison information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**Note 2. Deposits and Investments**

**Deposits**

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

**Investments**

**Investment Policy**

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, and bankers' acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Pursuant to Section 2.1-234.7 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regulatory scheduled monthly meetings and the fair value of the position in LGIP is the same as the value of the pool shares (i.e., the LGIP maintains a stable net asset value of \$1 per share). The investment policy (the "Policy") specifies that no investment may have a maturity greater than one year from the date of purchase.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 2. Deposits and Investments (Continued)**

**Investments (Continued)**

**Credit Risk**

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than “A-1” (or its equivalent) from at least two of the following: Moody’s Investors Service, Standard & Poor’s, and Fitch Investors Service, provided that the issuing corporation has a net worth of at least \$50 million and its long-term debt is rated “A” or better by Moody’s and Standard & Poor’s. Bankers’ acceptances and Certificates of Deposit maturing in less than one year must have a short-term debt rating of at least “A-1” by Standard & Poor’s and “P-1” by Moody’s Investors Service.

Although the intent of the Policy is for the Town to diversify its investment portfolio to avoid incurring unreasonable risks regarding (i) security type, (ii) individual financial institution or issuing entity, and (iii) maturity, the Policy places no limit on the amount the Town may invest in any one issuer.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town’s investment policy specifies that no investment may have a maturity greater than two years from the date of purchase, and the average maturity of the portfolio must not exceed one year.

**Custodial Credit Risk**

The Policy requires that all investment securities shall be held in safekeeping by a third-party and evidenced by safekeeping receipts. As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the “counterparty” to the investment transaction.

As of June 30, the Town did not have any investments.

<b>Deposits</b>	<b><u>\$ 7,056,355</u></b>
<b>Reconciliation of deposits to Exhibit 1:</b>	
Cash and cash equivalents, excluding \$2,272 cash on hand	\$ 6,211,682
Cash and cash equivalents, restricted	<u>844,673</u>
<b>Total deposits</b>	<b><u>\$ 7,056,355</u></b>

Restricted cash and cash equivalents consists of \$746,242 of unspent lease proceeds, \$46,300 of utility deposits, \$50,109 of evidence found, and \$2,022 of flex benefit spending that can only be used for specific purposes.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 3. Receivables**

Receivables consist of the following:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Receivables			
Taxes	\$ 619,307	\$ -	\$ 619,307
Accounts	13,373	734,888	748,261
	<hr/>	<hr/>	<hr/>
Gross receivables	632,680	734,888	1,367,568
Less allowance for uncollectibles	184,761	88,520	273,281
	<hr/>	<hr/>	<hr/>
Receivables, net	<u>\$ 447,919</u>	<u>\$ 646,368</u>	<u>\$ 1,094,287</u>

**Note 4. Due from Other Governmental Units**

	<b>Governmental Activities</b>
A summary of funds due from other governmental units was as follows:	
Commonwealth of Virginia	
Communication taxes	\$ 46,016
Rolling stock tax	49
Miscellaneous non-categorical aid	100
	<hr/>
	46,165
	<hr/>
Federal Government	
Other	65,434
	<hr/>
County of Roanoke	
Local sales taxes	250,377
Transport fees	17,458
Other	6,244
	<hr/>
	274,079
	<hr/>
	<u>\$ 385,678</u>

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 5. Capital Assets**

Capital asset activity for the year was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets, not depreciated					
Land	\$ 1,832,033	\$ -	\$ -	\$ -	\$ 1,832,033
Construction in progress	207,137	62,509	(118,359)	-	151,287
Total capital assets, not depreciated	2,039,170	62,509	(118,359)	-	1,983,320
Capital assets, depreciated					
Buildings and improvements	9,485,087	78,142	(2,511)	-	9,560,718
Machinery and equipment	4,279,323	354,887	(284,536)	-	4,349,674
Infrastructure	3,419,038	40,217	-	-	3,459,255
Total capital assets, depreciated	17,183,448	473,246	(287,047)	-	17,369,647
Less accumulated depreciation for:					
Buildings and improvements	4,737,423	274,200	(2,511)	-	5,009,112
Machinery and equipment	3,942,496	139,071	(284,536)	-	3,797,031
Infrastructure	1,484,207	168,938	-	-	1,653,145
Total accumulated depreciation	10,164,126	582,209	(287,047)	-	10,459,288
Total capital assets, depreciated, net	7,019,322	(108,963)	-	-	6,910,359
Governmental activities capital assets, net	<u>\$ 9,058,492</u>	<u>\$ (46,454)</u>	<u>\$ (118,359)</u>	<u>\$ -</u>	<u>\$ 8,893,679</u>

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 5. Capital Assets (Continued)**

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not depreciated				
Land	\$ 80,752	\$ -	\$ -	\$ 80,752
Construction in progress	12,846	-	(12,846)	-
Total capital assets, not depreciated	93,598	-	(12,846)	80,752
Capital assets, depreciated				
Utility plant	19,417,987	52,765	(42,892)	19,427,860
Sewage treatment contract	4,111,373	-	-	4,111,373
Machinery and equipment	1,667,097	251,776	(70,691)	1,848,182
Total capital assets, depreciated	25,196,457	304,541	(113,583)	25,387,415
Less accumulated depreciation for:				
Utility plant	11,706,353	549,639	(42,892)	12,213,100
Sewage treatment contract	1,826,023	143,961	-	1,969,984
Machinery and equipment	1,203,829	83,010	(70,691)	1,216,148
Total accumulated depreciation	14,736,205	776,610	(113,583)	15,399,232
Total capital assets, depreciated, net	10,460,252	(472,069)	-	9,988,183
Business-type activities capital assets, net	<u>\$ 10,553,850</u>	<u>\$ (472,069)</u>	<u>\$ (12,846)</u>	<u>\$ 10,068,935</u>

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

Governmental activities	
General government administration	\$ 348,377
Public safety	41,439
Public works	192,393
	<u>\$ 582,209</u>
Business-type activities	
Water and sewer	\$ 768,067
Stormwater management	8,543
	<u>\$ 776,610</u>

**Construction Commitments**

The Town has no active construction projects as of June 30.

(Continued)

**TOWN OF VINTON, VIRGINIA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2019**

**Note 5. Capital Assets (Continued)**

**Sewage Treatment Contract**

Through its participation in an agreement with four other localities for the expansion of the regional sewage treatment plant and interceptors, the Town has contractual rights to predetermined capacity in both the plant and interceptors through 2034.

The plant upgraded its facilities in 2017 to improve compliance with DEQ peak flow requirements. Modifications costing approximately \$17 million were completed. The Town's share was \$1,039,443, which was funded with general obligation bonds issued through the Virginia Resources Authority.

The plant upgraded its Tinker Creek Interceptor in 2015 to reduce inflow and infiltration as well as mitigate overflow. Modifications costing approximately \$5 million were completed. The Town's share was approximately 5.5% or \$294,000, which was funded with an obligation payable to the Western Virginia Water Authority.

The Town is required to contribute \$66,000 annually to a capital reserve fund for ongoing maintenance of the system. The Town has made the annual required contribution since the formation of the Authority in 2005.

**Note 6. Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
General obligation bonds	\$ 2,617,814	\$ -	\$ (306,058)	\$ 2,311,756	\$ 326,522
Obligation payable – Roanoke County	166,500	-	(55,500)	111,000	55,500
Obligation payable – RCACP	36,536	-	(8,240)	28,296	8,444
Bond premiums	19,359	-	(2,276)	17,083	-
Capital leases	240,612	157,053	(44,734)	352,931	56,185
Compensated absences	384,163	135,308	(126,773)	392,698	129,591
	<u>\$ 3,464,984</u>	<u>\$ 292,361</u>	<u>\$ (543,581)</u>	<u>\$ 3,213,764</u>	<u>\$ 576,242</u>
<b>Business-type Activities</b>					
General obligation bonds	\$ 3,789,564	\$ -	\$ (336,084)	\$ 3,453,480	\$ 358,028
Revenue bonds	1,852,000	-	(165,000)	1,687,000	174,000
Obligation payable – WVWA	252,532	-	(15,671)	236,861	15,275
Bond premiums	617	-	(617)	-	-
Capital leases	498,198	242,703	(74,557)	666,344	108,000
Compensated absences	24,220	11,858	(6,297)	29,781	7,743
	<u>\$ 6,417,131</u>	<u>\$ 254,561</u>	<u>\$ (598,226)</u>	<u>\$ 6,073,466</u>	<u>\$ 663,046</u>

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 6. Long-Term Liabilities (Continued)**

The general fund has been used to liquidate the liability for compensated absences, net pension obligation, and net other postemployment benefits.

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

<b>Governmental Activities</b>						
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>		<b>Capital Leases</b>		<b>Obligations Payable Roanoke County and RCACP</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 326,522	\$ 55,643	\$ 56,185	\$ 9,327	\$ 63,944	\$ 619
2021	330,638	47,801	58,373	7,792	64,152	409
2022	339,387	39,635	59,951	6,215	8,868	194
2023	343,733	31,407	61,571	4,594	2,332	14
2024	356,578	22,797	63,236	2,929	-	-
2025-2029	614,898	25,111	53,615	1,418	-	-
	<u>\$ 2,311,756</u>	<u>\$ 222,394</u>	<u>\$ 352,931</u>	<u>\$ 32,275</u>	<u>\$ 139,296</u>	<u>\$ 1,236</u>
<b>Business-type Activities</b>						
<b>Fiscal Year</b>	<b>General Obligation Bonds</b>		<b>Revenue Bonds</b>		<b>Obligation Payable WWWA</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 358,028	\$ 101,202	\$ 174,000	\$ 32,800	\$ 15,275	\$ 5,437
2021	369,176	90,055	175,000	29,223	15,636	5,075
2022	380,671	78,561	181,000	25,574	16,006	4,706
2023	392,524	66,708	181,000	21,863	16,383	4,328
2024	404,748	54,484	186,000	18,101	16,771	3,940
2025-2029	1,101,461	125,571	790,000	32,800	89,993	13,564
2030-2033	446,872	25,927	-	-	66,797	2,939
	<u>\$3,453,480</u>	<u>\$ 542,508</u>	<u>\$ 1,687,000</u>	<u>\$ 160,361</u>	<u>\$ 236,861</u>	<u>\$ 39,988</u>

(Continued)

**Note 6. Long-Term Liabilities (Continued)**

	<b>Business-type Activities</b>	
	<b>Capital Leases</b>	
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>
2020	\$ 108,000	\$ 16,886
2021	110,818	14,069
2022	113,709	11,178
2023	111,764	8,210
2024	109,729	5,333
2025-2026	112,324	3,296
	<b>\$ 666,344</b>	<b>\$ 58,972</b>

The revenue bond has been issued in accordance with the terms of an indenture agreement with the Virginia Municipal League/Virginia Association of Counties. The indenture agreement requires the Town to pledge its Water and Sewer Fund Revenues as collateral for the revenue bond and to maintain revenues in the Water and Sewer Fund equal to at least 1.20 of all debt service payments which exclude any refunded principal payments. The pledged revenue coverage ratio for the year ended June 30, 2019 was 1.22. Statistical Section Table 11 presents the pledged revenue coverage ratio.

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business-Type Activities
<b>General Obligation Bonds</b>						
Virginia Resource Authority:						
G.O. Public Improvement Bonds	3.64-4.96%	06/01/06	10/01/26	\$ 755,000	\$ 390,000	\$ -
Virginia Revolving Loan Fund:						
G.O. Water and Sewer Bonds	3.30%	07/24/03	07/01/24	1,250,704	-	436,743
G.O. Water and Sewer Bonds	3.10%	10/01/04	10/01/26	2,479,000	-	1,132,515
G.O. Water and Sewer Bonds	3.10%	01/12/06	03/01/26	1,210,000	-	519,630
Virginia Association of Counties:						
G.O. Refunding Bonds	2.05%	05/25/16	02/01/27	702,000	562,000	-
Capital One Public Funding:						
G.O. Public Improvement Bonds	2.85%	06/27/13	11/01/32	1,993,152	-	1,364,592
Carter Bank and Trust:						
G.O. Refunding Bonds	2.05%	06/27/13	11/01/24	2,228,409	1,359,756	-
					2,311,756	3,453,480
		Plus bond premium, net of amortization			17,083	-
					\$ 2,328,839	\$ 3,453,480

(Continued)



**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 6. Long-Term Liabilities (Continued)**

Details of long-term indebtedness are as follows: (Continued)

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
<b><u>Revenue Bonds</u></b>						
Virginia Association of Counties:						
Revenue Water and Sewer Bonds	2.05%	05/25/16	08/01/27	\$1,786,000	\$ -	\$ 1,687,000
<b><u>Capital Lease</u></b>						
U.S. Bancorp	2.29%	12/29/17	12/29/22	\$ 46,171	\$ -	\$ 32,867
U.S. Bancorp	2.43%	12/29/17	12/29/24	746,241	206,009	390,774
Home Trust Bank	3.10%	07/27/18	07/27/25	157,053	146,922	-
Signature Public Funding Corp.	3.02%	04/19/19	04/19/26	242,703	-	242,703
					<u>\$ 352,931</u>	<u>\$ 666,344</u>
<b><u>Obligations Payable</u></b>						
Roanoke County	0.00%	07/01/11	07/01/20	\$ 625,000	\$ 111,000	\$ -
RCACP	2.95%	12/31/13	09/30/22	73,180	28,296	-
WVWA	2.35%	03/01/15	09/01/32	294,516	-	236,861
					<u>\$ 139,296</u>	<u>\$ 236,861</u>

**Note 7. Defined Benefit Pension Plan**

**Plan Description**

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

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

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 7. 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:

	<b><u>Number</u></b>
Inactive members or their beneficiaries currently receiving benefits	<u>68</u>
Inactive members:	
Vested inactive members	24
Non-vested inactive members	15
Inactive members active elsewhere in VRS	<u>57</u>
Total inactive members	96
Active members	<u>86</u>
Total covered employees	<u><u>250</u></u>

**Contributions**

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

The political subdivision's contractually required contribution rate for the year ended June 30, 2019 was 11.68% 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 employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$424,410 and \$411,289 for the years ended June 30, 2019 and June 30, 2018, respectively.

**Net Pension Liability**

The political subdivision's net pension liability 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. For political subdivisions, the net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 7. Defined Benefit Pension Plan (Continued)**

**Actuarial Assumptions**

The total pension liability for General Employees in the Political Subdivision'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	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation*

- \* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment 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: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various set backs or set forwards for both males and females.

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:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; adjustment to rates of retirement by increasing rate at 50 and lowering rate at older ages; adjusted rates of withdrawal and disability to better fit experience; changes to line of duty rates, and no changes to salary scale.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 7. Defined Benefit Pension Plan (Continued)**

**Long-Term Expected Rate of Return**

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

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

- \* The above allocation provides for 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 rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 7. 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 the FY 2012 or 90% of the actuarially determined employer contribution rate from the June 30, 2015, actuarial valuations, whichever is 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.

**Changes in Net Pension Liability**

	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balances at June 30, 2017	\$ 17,919,444	\$ 16,508,154	\$ 1,411,290
Changes for the year:			
Service cost	478,932	-	478,932
Interest	1,218,558	-	1,218,558
Differences between expected and actual experience	361,554	-	361,554
Contributions – employer	-	401,879	(401,879)
Contributions – employee	-	181,566	(181,566)
Net investment income	-	1,210,341	(1,210,341)
Benefit payments, including refunds of employee contributions	(1,022,942)	(1,022,942)	-
Administrative expenses	-	(10,609)	10,609
Other changes	-	(1,071)	1,071
Net changes	1,036,102	759,164	276,938
Balances at June 30, 2018	\$ 18,955,546	\$ 17,267,318	\$ 1,688,228

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 7. Defined Benefit Pension Plan (Continued)**

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Political subdivision's net pension liability	\$ 4,075,882	\$ 1,688,228	\$ (296,972)

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

For the year ended June 30, 2019, the political subdivision recognized pension expense of \$163,046. At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 242,229	\$ 134,886
Change in assumptions	2,868	-
Net difference between projected and actual earnings on pension plan investments	-	134,732
Employer contributions subsequent to the measurement date	424,410	-
Total	<u>\$ 669,507</u>	<u>\$ 269,618</u>

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 7. Defined Benefit Pension Plan (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The \$424,410 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	<b>Reduction to Pension Expense</b>
2020	\$ 47,501
2021	108,420
2022	(166,328)
2023	(14,114)
2024	-
Thereafter	-

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plans 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.

**Payables to the Pension Plan**

At June 30, 2019, approximately \$35,393 was payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 8. Other Postemployment Benefits Liability – Local Plan**

**Plan Description and Benefits Provided**

The Town provides postemployment medical and dental benefits to its eligible retirees and their dependents who elect to stay in the plans. At retirement, retirees under the age of 65 may participate in one of the Town's health and dental plans and may continue coverage under these plans until age 65 or becoming eligible for Medicare, whichever comes first. The Town contributes \$200 per month towards this coverage with the retiree paying the remainder of the premium. Medicare-eligible retirees may participate in the Medicare supplement only and pay 100% of the Medicare supplement premium. The retirees receive an implicit benefit from participating in the Town's health and dental plans through lower insurance rates created by the blending of the retirees with active employee's rates. The Town Council may change, add, or delete benefits (including contributions required of retired employees) as deemed appropriate.

Participants are eligible for the plan at age 55 if they have completed 25 years of service. Retiring employees must have been active employees when they retire.

The plan does not provide audited financial statements.

**Funding Policy**

The Town currently funds postemployment benefits on a pay-as-you-go basis. The Town does not intend to establish a trust to pre-fund this liability.

**Employees Covered by Benefit Terms**

As of the January 1, 2018 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	<b><u>Number</u></b>
Inactive employees or beneficiaries	1
Active plan members	<u>87</u>
	<u><u>88</u></u>

**Total OPEB Liability**

The Town's total OPEB liability of \$513,537 was measured as of June 30, 2019 and was determined based on an actuarial valuation performed as of January 1, 2018.

(Continued)



**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 8. Other Postemployment Benefits Liability – Local Plan (Continued)**

**Actuarial Assumptions and other inputs**

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases, including inflation	3.50% plus a variable merit component that is dependent on years of service
Healthcare cost trend rates	3.70% initially, grading up to 4.20% ultimately
Retirees' share of benefit-related costs	\$-0-

Mortality rates: Ranges from 0.00016 to 0.07979.

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial VRS experience over the four-year period ending June 30, 2016.

Changes in assumptions and other inputs reflect plan changes, effect of economic/demographic gains or losses, and effect of assumptions changes or inputs.

**Changes in the Total OPEB Liability**

Balance at June 30, 2018	<u>\$ 442,003</u>
Changes for the year:	
Service cost	47,628
Interest	18,664
Assumption or other input changes	20,076
Benefit payments	<u>(14,834)</u>
Net changes	<u>71,534</u>
Balance at June 30, 2019	<u><u>\$ 513,537</u></u>

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 8. Other Postemployment Benefits Liability – Local Plan (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.50%) or one percentage point higher (4.50%) than the current discount rate:

	<b>1.00% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1.00% Increase (4.50%)</b>
Total OPEB liability	\$ 570,260	\$ 513,537	\$ 460,616

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (2.70%) or one percentage point higher (4.70%) than the current healthcare cost trend rates:

	<b>1.00% Decrease (2.70%)</b>	<b>Current Healthcare Cost Trend Rates (3.70%)</b>	<b>1.00% Increase (4.70%)</b>
Total OPEB liability	\$ 423,275	\$ 513,537	\$ 626,322

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 8. Other Postemployment Benefits Liability – Local Plan (Continued)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the Town recognized OPEB expense of \$66,874. At June 30, 2019, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change in assumptions	\$ 17,434	\$ 13,599
Total	<u>\$ 17,434</u>	<u>\$ 13,599</u>

The \$-0- reported as deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2020	\$ 582
2021	582
2022	582
2023	582
2024	582
Thereafter	925

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plan**

In addition to their participation in the pension plan offered through the Virginia Retirement System (VRS), the Town also participates in a cost-sharing and agent multi-employer other postemployment benefit plans described as follows.

**Plan Description**

Group Life Insurance Program

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

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

Specific information for the GLI is available at <https://www.varetire.org/members/benefits/life-insurance/basic-group-life-insurance.asp>

The GLI is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Both of these plans are considered multiple employer, cost sharing plans.

**Contributions**

Contributions to the VRS OPEB program was based on actuarially determined rates from actuarial valuations as of June 30, 2017. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB program are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.</i>
Total rate:	1.31% of covered employee compensation. Rate allocated 60/40; 0.79% employee and 0.52% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2019 Contribution	\$18,863
June 30, 2018 Contribution	\$19,610

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)**

**OPEB Liability, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB**

The net OPEB liability was measured as of June 30, 2018 and the total OPEB liabilities used to calculate the net OPEB liability were determined by actuarial valuations as of that date. The covered employer's proportion of the net OPEB liability was based on the covered employer's actuarially determined employer contributions for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2019 proportionate share of liability	\$301,000
June 30, 2018 proportion	0.01983%
June 30, 2017 proportion	0.01989%
June 30, 2019 expense	\$5,000

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 15,000	\$ 5,000
Change in assumptions	-	13,000
Net difference between projected and actual earnings on OPEB plan investments	-	10,000
Changes in proportion	19,000	-
Employer contributions subsequent to the measurement date	18,863	-
Total	<u>\$ 52,863</u>	<u>\$ 28,000</u>

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)**

**OPEB Liability, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB (Continued)**

The deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Group Life Insurance Program**

<b>Year Ending June 30,</b>	<b>Increase (Reduction) to OPEB Expense</b>
2020	\$ -
2021	-
2022	-
2023	2,000
2024	4,000
Thereafter	-

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2017, 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:	
• Locality- general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
• Teachers	3.5 – 5.95%
Healthcare cost trend rates:	
• Under age 65	7.75 – 5.00%
• Ages 65 and older	5.75 – 5.00%
Investment rate of return, net of expenses, including inflation*	GLI: 7.0%

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)**

**Actuarial Assumptions and Other Inputs (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 rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 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 the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 7.

**Net OPEB Liability**

The net OPEB liability represent each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	<b>Group Life Insurance Program</b>
Total OPEB Liability	\$ 3,113,508
Plan fiduciary net position	1,594,773
Employers' net OPEB liability (asset)	\$ 1,518,735
Plan fiduciary net position as a percentage of total OPEB liability	51.22%

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

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)**

**Long-Term Expected Rate of Return**

**Group Life Insurance**

The long-term expected rate of return on VRS 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 OPEB 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
Total	100.00 %		4.80 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.30 %

- \* The above allocation provides for 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 rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.5%.

(Continued)



**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 9. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)**

**Discount Rate**

The discount rate used to measure the GLI OPEB 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 Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' 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 OPEB liability.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
GLI Net OPEB liability	\$ 394,000	\$ 301,000	\$ 226,000

**OPEB Plan Fiduciary Net Position**

Information about the various VRS OPEB plan fiduciary net position is 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.

**Payables to the OPEB Plan**

At June 30, 2019, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2019 payroll.

- Group Life Insurance \$1,573

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 10. Summary of Pension and Other Postemployment Benefits Elements**

	<u><b>Governmental Activities</b></u>	<u><b>Business-Type Activities</b></u>	<u><b>Total Primary Government</b></u>
Deferred outflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 187,527	\$ 54,702	\$ 242,229
Changes of assumptions			
VRS	2,220	648	2,868
Employer contributions subsequent to the measurement date			
VRS	<u>328,566</u>	<u>95,844</u>	<u>424,410</u>
Total deferred outflows of resources – pensions	<u><u>\$ 518,313</u></u>	<u><u>\$ 151,194</u></u>	<u><u>\$ 669,507</u></u>
Deferred outflows of resources – OPEB			
Differences between expected and actual experience			
VRS GLI	\$ 13,519	\$ 1,481	\$ 15,000
Changes of assumptions			
Local plan	15,712	1,722	17,434
Employer contributions subsequent to the measurement date			
VRS GLI	17,000	1,863	18,863
Changes in proportional share VRS GLI	<u>17,123</u>	<u>1,877</u>	<u>19,000</u>
Total deferred outflows of resources – OPEB	<u><u>\$ 63,354</u></u>	<u><u>\$ 6,943</u></u>	<u><u>\$ 70,297</u></u>

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 10. Summary of Pension and Other Postemployment Benefit Elements (Continued)**

	<u><b>Governmental Activities</b></u>	<u><b>Business-Type Activities</b></u>	<u><b>Total Primary Government</b></u>
Net pension liability			
VRS	\$ 1,306,978	\$ 381,250	\$ 1,688,228
Total net pension liability	<u>\$ 1,306,978</u>	<u>\$ 381,250</u>	<u>\$ 1,688,228</u>
Net OPEB liability			
Local plan	\$ 462,381	\$ 51,156	\$ 513,537
VRS GLI	<u>271,272</u>	<u>29,728</u>	<u>301,000</u>
Total net OPEB liability	<u>\$ 733,653</u>	<u>\$ 80,884</u>	<u>\$ 814,537</u>
Deferred inflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 104,428	\$ 30,458	\$ 134,886
Net difference between projected and actual investment earnings on pension plan investments			
VRS	<u>104,302</u>	<u>30,430</u>	<u>134,732</u>
Total deferred inflows of resources – pensions	<u>\$ 208,730</u>	<u>\$ 60,888</u>	<u>\$ 269,618</u>
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
VRS GLI	\$ 4,507	\$ 493	\$ 5,000
Change in assumptions			
Local plan	12,255	1,344	13,599
VRS GLI	11,716	1,284	13,000
Net difference between projected and actual investment earnings on OPEB plan investments			
VRS GLI	<u>9,012</u>	<u>988</u>	<u>10,000</u>
Total deferred inflow of resources – OPEB	<u>\$ 37,490</u>	<u>\$ 4,109</u>	<u>\$ 41,599</u>

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 11. Service Contracts**

**Sewage Treatment**

The Town is party to an agreement, dated November 1, 2003, with the Western Virginia Water Authority for the Authority to provide the transportation and treatment of waste at a specified rate to be adjusted annually on July 1, based on the actual operating and maintenance costs for the previous year. The 30-year agreement provides for a surcharge in the event waste content or volume exceeds certain limits or the cost is less than the amount paid by users.

**Water Purchases/Sales**

Effective, June 1, 2005, the Town agreed to purchase water from the Western Virginia Water Authority at a bulk rate which is determined by a mutually agreed-upon formula. The water is designated for an industrial user who pays the Town an agreed upon rate. This is a 30-year agreement and will expire in 2035.

**Note 12. Property Taxes**

The major sources of property taxes are real estate and personal property taxes. The assessments are the responsibility of the County of Roanoke, while billing and collection functions are the Town's responsibilities.

Property taxes are levied annually in April on assessed values as of January 1. Personal property transactions during the year are taxed on a prorated basis. Real estate tax is payable in two equal installments on or before June 5 and December 5, and personal property tax is due on or before May 31, or within 30 days subsequent to assessment. Personal property taxes do not create a lien on property.

The annual assessment for real estate is based on 100% of the assessed fair market value. A penalty of 10% of the unpaid tax is due for late payment. Interest is accrued at 10% for the initial year of delinquency, and thereafter at the maximum annual rate authorized by the *Internal Revenue Code* Section 6621(b). The effective tax rates per \$100 of assessed value for the year ended June 30 were as follows:

Real estate	\$	.07
Personal property	\$	1.00
Machinery and tools	\$	1.00

**Note 13. Leases**

The Town leases a portion of a building to the Virginia State Department of Health for \$1,602 per month on a month to month basis until terminated by either party.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 14. Risk Management**

The Town is insured for workers' compensation, general liability, health, and other risks. The risk management programs are as follows:

**Workers' Compensation**

Workers' compensation insurance is provided through the Virginia Municipal League. During 2018-2019, total premiums paid were approximately \$90,000. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

**General Liability**

The Town provides general liability and other insurance through policies with Virginia Municipal Self-Insurance Association. During 2018-2019, total premiums paid were approximately \$88,000. General liability and business automobile have a \$1,000,000 limit per occurrence. Boiler and machinery coverage and property insurance are covered per statement of values. The Town maintains an additional \$4,000,000 umbrella policy over all forms of liability insurance. Police professional liability and public officials' liability insurance with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage during the last three fiscal years.

**Healthcare**

The Town provides healthcare coverage for employees through a policy with Anthem Blue Cross Blue Shield. The Town contributes the required premium amount for single coverage for each employee. Dependents of employees are also covered by the policy provided they pay the additional premium to the Town. During 2018-2019, total premiums paid were approximately \$737,000.

**Note 15. Commitments and Contingencies**

**Special Purpose Grants**

Special purpose grants are subject to audit to determine compliance with their requirements. Town management believes that required refunds, if any, will be immaterial.

**Landfill Closure and Post-Closure Costs**

As discussed in Note 1, the Town participates in the Roanoke Valley Resource Authority. The Authority currently has responsibility for closure and post-closure care related to the new Smith Gap landfill, the transfer station, and an old landfill site.

Closure and post-closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, *Solid Waste Disposal Facility Criteria*, and are subject to periodic revisions by the EPA. The current estimate of remaining closure and post-closure care costs, assuming full utilization of the sites, is approximately \$15.1 million. The participating localities have contributed their pro-rata shares to fund the closure and post-closure care costs.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 15. Commitments and Contingencies (Continued)**

**Gain Sharing Agreement – Vinton Business Center**

On March 2, 1999, the Town and Roanoke County reached an agreement to provide for the sharing of certain local tax revenues and sharing of the costs of certain public services. That agreement states that the Town and County may negotiate an agreement to fund jointly the costs of development of the Vinton Business Center and to share equally in the local tax revenues generated by this project. During 2007, the County paid the Town one-half of the costs of development.

As part of the agreement, the Town agreed to convey a one-half undivided interest in the remaining real estate of the project. The agreement states that the Town and County plan on making additional improvements to this project and will share in the costs of that and annual maintenance equally. The Town and County must jointly agree before any future improvements are made to the property or before portions of the property are sold. No major improvements were commenced during the current year.

**Roanoke County/Vinton Branch Library**

On September 6, 2011, the Town and Roanoke County reached an agreement to purchase property for a Roanoke County/Vinton Branch Library to be built by Roanoke County. The property cost \$1.25 million, and the Town is responsible for half of that amount, or \$625,000. Roanoke County is responsible for the remainder of the costs. The Town made an additional \$100,000 good faith advance payment in fiscal year 2012 with the remaining costs for the project to be spread out over the next 10 years. The Town will pay \$50,000 each year for year's one through five, and \$55,500 per year in years six through ten. Roanoke County will own the property and add it to its capital assets. The \$55,500 current year contribution is included in principal retirement expenditures on the fund statement.

**Note 16. Major Customer/Taxpayer**

During fiscal year 2019, approximately 5.4% of the Town's business-type revenues were generated by one industrial customer.

**Note 17. Interfund Activity**

The primary purpose of the \$171,912 from the general fund and \$171,912 from the water and sewer fund to the stormwater management fund was to cover obligations of stormwater fund.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 18. Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the general fund. The constraints placed on the general fund balance are presented below:

	<u><b>General Fund</b></u>
<b>Nonspendable:</b>	
Inventories	\$ 1,543
Land held for resale	168,375
Prepays	68,960
CDBG revolving loan	64,512
Vinyard Flower Fund	<u>20,557</u>
<b>Total nonspendable</b>	<u>323,947</u>
<b>Restricted for:</b>	
Public safety	180,691
Public works	<u>257,602</u>
<b>Total restricted</b>	<u>438,293</u>
<b>Committed</b>	
General government administration	<u>30,000</u>
<b>Assigned</b>	
Capital outlay	<u>38,621</u>
<b>Unassigned</b>	<u>2,919,827</u>
<b>Total fund balance</b>	<u><u>\$ 3,750,688</u></u>

The Stormwater Management Fund was created in 2017 and has carried a negative fund balance since inception. It is used to track costs related to stormwater and currently funded by transfers from the General Fund and Utility Fund. Staff is working with Town council to move towards a fee to sustain the fund.

**Note 19. Subsequent Event**

On July 1, 2019, the Town entered into a new memorandum of understanding with the County of Roanoke (County) to replace the gain sharing agreement that expired on June 30, 2019. The gain sharing agreement provided the Town with 11.77% of the sales tax received by the County for the length of the gain sharing agreement. The new memorandum of understanding reduces the Town's percentage of sales tax to the formula in the state code. The County will assume the responsibility for 100% of the fire and rescue operations in the Town, instead of the current gain sharing agreement amount of 50%. The Town will continue to carry the debt on the fire and rescue building in the new agreement, and the County will reimburse the Town for the debt payments on an agreed payment schedule. The new agreement also includes the County assuming responsibility for the Town's percentage of the costs associated with the Regional Center for Animal Care and Protection. In the new memorandum of understanding, the County agreed to continue a payment of \$110,000 for refuse collection services to the Town of Vinton that was originally agreed upon in the gain sharing agreement. The new agreement is expected to be revenue-neutral for the Town and County.

(Continued)

**TOWN OF VINTON, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**Note 20. New Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective.

The GASB issued **Statement No. 84**, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018.

The GASB issued **Statement No. 87**, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019.

The GASB issued **Statement No. 90**, *Major Equity Interests, an amendment of GASB Statements No. 14 and No. 61* in August 2018. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for periods beginning after December 15, 2018. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.



## **REQUIRED SUPPLEMENTARY INFORMATION**

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## TOWN OF VINTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**June 30, 2019**

	Plan Year				
	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 478,932	\$ 443,567	\$ 426,921	\$ 450,265	\$ 430,229
Interest on total pension liability	1,218,558	1,197,526	1,167,910	1,112,256	1,065,284
Difference between expected and actual experience	361,554	(356,343)	(201,924)	139,140	-
Changes in assumptions	-	8,604	-	-	-
Benefit payments, including refunds of employee contributions	(1,022,942)	(962,861)	(976,757)	(836,477)	(812,476)
Net change in total pension liability	1,036,102	330,493	416,150	865,184	683,037
<b>Total pension liability - beginning</b>	17,919,444	17,588,951	17,172,801	16,307,617	15,624,580
<b>Total pension liability - ending</b>	18,955,546	17,919,444	17,588,951	17,172,801	16,307,617
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	401,879	393,323	405,320	413,851	307,429
Contributions - employee	181,566	177,392	164,126	181,194	184,601
Net investment income	1,210,341	1,821,216	257,935	673,666	2,045,884
Benefit payments, including refunds of employee contributions	(1,022,942)	(962,861)	(976,757)	(836,477)	(812,476)
Administrative expenses	(10,609)	(10,681)	(9,605)	(9,337)	(11,195)
Other	(1,071)	(1,613)	(111)	(144)	108
Net change in plan fiduciary net position	759,164	1,416,776	(159,092)	422,753	1,714,351
<b>Plan fiduciary net position - beginning</b>	16,508,154	15,091,378	15,250,470	14,827,717	13,113,366
<b>Plan fiduciary net position - ending</b>	17,267,318	16,508,154	15,091,378	15,250,470	14,827,717
<b>Net pension liability - ending</b>	<u>\$ 1,688,228</u>	<u>\$ 1,411,290</u>	<u>\$ 2,497,573</u>	<u>\$ 1,922,331</u>	<u>\$ 1,479,900</u>
Plan fiduciary net position as a percentage of total pension liability	91%	92%	86%	89%	91%
Covered payroll	<u>\$ 3,762,660</u>	<u>\$ 3,664,576</u>	<u>\$ 3,289,982</u>	<u>\$ 3,353,343</u>	<u>\$ 3,699,186</u>
Net pension liability as a percentage of covered payroll	45%	39%	76%	57%	40%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2018 information was presented in the entity's fiscal year 2019 financial report.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

## TOWN OF VINTON, VIRGINIA

**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**June 30, 2019**

<b>Entity Fiscal Year Ended June 30</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Primary Government</b>					
2019	\$ 424,410	\$ 424,410	\$ -	\$ 3,634,236	11.68%
2018	411,289	411,289	-	3,762,660	10.93%
2017	400,540	400,540	-	3,664,576	10.93%
2016	407,958	407,958	-	3,289,982	12.40%
2015	415,814	415,814	-	3,353,343	12.40%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, only five years of data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the Town's fiscal year – i.e. the covered payroll on which required contributions were based for the same year.

## TOWN OF VINTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – LOCAL PLAN**  
**June 30, 2019**

	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2018</b>
	<b>Local Plan</b>	<b>Local Plan</b>
<b>Total OPEB Liability</b>		
Service cost	\$ 47,628	\$ 49,307
Interest on total OPEB liability	18,664	15,730
Changes in assumptions	20,076	(17,718)
Benefit payments	(14,834)	(10,820)
	<hr/>	<hr/>
Net change in total OPEB liability	71,534	36,499
<b>Total OPEB liability - beginning</b>	442,003	405,504
<b>Total OPEB liability - ending</b>	<hr/> <u>513,537</u>	<hr/> <u>442,003</u>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	14,834	10,820
Benefit payments	(14,834)	(10,820)
	<hr/>	<hr/>
Net change in plan fiduciary net position	-	-
<b>Plan fiduciary net position - beginning</b>	-	-
<b>Plan fiduciary net position - ending</b>	<hr/> <u>-</u>	<hr/> <u>-</u>
<b>Net OPEB liability - ending</b>	<hr/> <u>\$ 513,537</u>	<hr/> <u>\$ 442,003</u>
Plan fiduciary net position as a percentage of total OPEB liability	<hr/> <u>0%</u>	<hr/> <u>0%</u>
Covered payroll	<hr/> <u>\$ 3,831,682</u>	<hr/> <u>\$ 3,831,682</u>
Net OPEB liability as a percentage of covered payroll	<hr/> <u>13.40%</u>	<hr/> <u>11.54%</u>

This schedule is intended to show information for 10 years. Since fiscal year 2018 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

## TOWN OF VINTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI**  
**June 30, 2019**

<b>Entity Fiscal Year Ended June 30</b>	<b>Employer's Proportion of the Net OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset)</b>	<b>Covered Payroll</b>	<b>Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
<b>Virginia Retirement System - Group Life Insurance - General Employees</b>					
2019	0.01983%	\$ 301,000	\$ 3,762,660	8.00%	51.22%
2018	0.01989%	299,000	3,664,576	8.16%	48.86%

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amount above is for the measurement period, which is the twelve months prior to the entity's fiscal year.

## TOWN OF VINTON, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF OPEB CONTRIBUTIONS – VRS GLI**  
**June 30, 2019**

<b>Entity Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
<b>Virginia Retirement System - Group Life Insurance - General Employees</b>					
2019	\$ 18,863	\$ 18,863	\$ -	\$ 3,634,236	0.52%
2018	19,610	19,610	-	3,762,660	0.52%

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amount above is for the entity's fiscal year - i.e. the covered payroll on which required contributions were based for the same year.

## **TOWN OF VINTON, VIRGINIA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2019**

#### **Note 1. Changes of Benefit Terms**

##### Pension

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

##### Other Postemployment Benefits (OPEB)

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

#### **Note 2. 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:**

- Update mortality table
- Lowered in rates of service retirement
- Update withdrawal rates to better fit experience
- Lowered in rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates
- Applicable to: Pension, GLI OPEB

##### **Largest 10 –Hazardous Duty/Public Safety Employees:**

- Update mortality table
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates
- Applicable to: Pension, GLI OPEB

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

- Update mortality table
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rates.
- Applicable to: Pension, GLI OPEB

(Continued)



**TOWN OF VINTON, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2019**

**Note 2. Changes of Assumptions (Continued)**

All Others (Non 10 Largest) – Hazardous Duty/Public Safety Employees:

- Update mortality table
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate
- Applicable to: Pension, GLI OPEB

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# STATISTICAL SECTION

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*This part of the Town of Vinton Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.*

## **Contents**

## **Table**

### **Financial Trends..... 1-4**

These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

### **Revenue Capacity ..... 5-8**

These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes, as well as customer rates for its water and sewer operations.

### **Debt Capacity ..... 9-11**

These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

### **Demographic and Economic Information..... 12-13**

These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.

### **Operating Information..... 14-16**

These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

The Town implemented GASB Statement 68 and restated beginning net position for 2015. The restatement is not included in the prior year data.

The Town implemented GASB Statement 75 and restated beginning net position for 2018. The restatement is not included in the prior year data.



TABLE 1

## TOWN OF VINTON, VIRGINIA

## NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Governmental activities</b>										
Net investment in capital assets	\$ 6,562,966	\$ 6,548,322	\$ 6,638,792	\$ 6,225,603	\$ 5,929,925	\$ 5,427,254	\$ 5,704,050	\$ 5,919,643	\$ 6,316,937	\$ 6,760,474
Restricted	438,293	206,673	132,387	209,649	235,246	190,161	91,676	-	20,053	20,000
Unrestricted	1,222,810	673,717	770,368	801,646	499,226	2,291,758	2,219,240	1,972,859	1,491,375	1,362,770
Total governmental activities net position	<u>\$ 8,224,069</u>	<u>\$ 7,428,712</u>	<u>\$ 7,541,547</u>	<u>\$ 7,236,898</u>	<u>\$ 6,664,397</u>	<u>\$ 7,909,173</u>	<u>\$ 8,014,966</u>	<u>\$ 7,892,502</u>	<u>\$ 7,828,365</u>	<u>\$ 8,143,244</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 4,612,847	\$ 4,760,652	\$ 4,862,273	\$ 4,880,340	\$ 5,184,003	\$ 4,834,097	\$ 4,853,969	\$ 4,838,640	\$ 5,019,517	\$ 5,437,639
Unrestricted	2,121,215	1,823,180	1,504,611	1,035,813	117,415	410,722	394,976	339,523	661,273	297,150
Total business-type activities net position	<u>\$ 6,734,062</u>	<u>\$ 6,583,832</u>	<u>\$ 6,366,884</u>	<u>\$ 5,916,153</u>	<u>\$ 5,301,418</u>	<u>\$ 5,244,819</u>	<u>\$ 5,248,945</u>	<u>\$ 5,178,163</u>	<u>\$ 5,680,790</u>	<u>\$ 5,734,789</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 11,175,813	\$ 11,308,974	\$ 11,501,065	\$ 11,105,943	\$ 11,113,928	\$ 10,261,351	\$ 10,558,019	\$ 10,758,283	\$ 11,336,454	\$ 12,198,113
Restricted	438,293	206,673	132,387	209,649	235,246	190,161	91,676	-	20,053	20,000
Unrestricted	3,344,025	2,496,897	2,274,979	1,837,459	616,641	2,702,480	2,614,216	2,312,382	2,152,648	1,659,920
Total primary government net position	<u>\$ 14,958,131</u>	<u>\$ 14,012,544</u>	<u>\$ 13,908,431</u>	<u>\$ 13,153,051</u>	<u>\$ 11,965,815</u>	<u>\$ 13,153,992</u>	<u>\$ 13,263,911</u>	<u>\$ 13,070,665</u>	<u>\$ 13,509,155</u>	<u>\$ 13,878,033</u>

TABLE 2

## TOWN OF VINTON, VIRGINIA

**CHANGE IN NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 1,049,355	\$ 962,685	\$ 992,699	\$ 1,001,560	\$ 927,954	\$ 962,341	\$ 942,315	\$ 948,803	\$ 934,388	\$ 1,023,227
Public safety	3,566,718	3,686,891	3,926,763	3,340,624	3,418,566	3,339,148	3,238,361	3,214,622	3,397,562	3,446,746
Public works	1,861,525	1,893,248	2,011,469	2,026,305	2,021,994	1,993,713	2,074,464	2,062,430	2,243,111	2,457,832
Parks, recreation, and cultural	539,309	517,122	591,208	591,342	621,897	635,252	588,649	553,866	583,569	617,778
Community development	461,068	416,637	479,973	447,908	427,409	575,557	398,517	1,034,510	339,983	393,160
Interest on long-term debt	92,062	94,963	106,756	126,164	193,242	200,584	143,455	183,672	194,159	203,787
Total governmental activities	7,570,037	7,571,546	8,108,868	7,533,903	7,611,062	7,706,595	7,385,761	7,997,903	7,692,772	8,142,530
<b>Business-type activities</b>										
Water and sewer	3,491,120	3,279,827	3,088,256	3,103,779	2,994,485	3,174,896	2,946,127	3,044,342	3,002,964	3,238,927
Stormwater management	337,655	253,188	419,957	-	-	-	-	-	-	-
Total business-type activities expense	3,828,775	3,533,015	3,508,213	3,103,779	2,994,485	3,174,896	2,946,127	3,044,342	3,002,964	3,238,927
Total primary government expenses	<u>\$ 11,398,812</u>	<u>\$ 11,104,561</u>	<u>\$ 11,617,081</u>	<u>\$ 10,637,682</u>	<u>\$ 10,605,547</u>	<u>\$ 10,881,491</u>	<u>\$ 10,331,888</u>	<u>\$ 11,042,245</u>	<u>\$ 10,695,736</u>	<u>\$ 11,381,457</u>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
Charges for services										
Public safety	\$ 127,096	\$ 93,599	\$ 118,454	\$ 63,735	\$ 72,356	\$ 88,364	\$ 89,115	\$ 91,196	\$ 119,870	\$ 108,187
Public works	84,876	110,167	110,145	110,099	110,295	110,425	110,115	110,460	110,380	110,175
Other activities	489,012	506,160	540,600	559,171	570,459	554,666	495,133	440,883	466,306	489,901
Operating grants and contributions	1,531,540	1,539,975	1,666,789	1,389,380	1,426,127	1,382,744	1,287,108	1,281,998	1,318,394	1,366,971
Capital grants and contributions	72,006	84,184	408,362	317,643	384,074	114,966	53,749	66,545	75,188	8,034
Total governmental activities program revenues	2,304,530	2,334,085	2,844,350	2,440,028	2,563,311	2,251,165	2,035,220	1,991,082	2,090,138	2,083,268
<b>Business-type activities</b>										
Charges for services										
Water and sewer	3,386,429	3,354,057	3,398,582	3,437,535	3,195,850	3,002,970	2,754,147	2,753,851	2,672,156	2,439,634
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	3,386,429	3,354,057	3,398,582	3,437,535	3,195,850	3,002,970	2,754,147	2,753,851	2,672,156	2,439,634
Total primary government program revenues	<u>\$ 5,690,959</u>	<u>\$ 5,688,142</u>	<u>\$ 6,242,932</u>	<u>\$ 5,877,563</u>	<u>\$ 5,759,161</u>	<u>\$ 5,254,135</u>	<u>\$ 4,789,367</u>	<u>\$ 4,744,933</u>	<u>\$ 4,762,294</u>	<u>\$ 4,522,902</u>
<b>Net (expense) revenue</b>										
Governmental activities	\$ (5,265,507)	\$ (5,237,461)	\$ (5,264,518)	\$ (5,093,875)	\$ (5,047,751)	\$ (5,455,430)	\$ (5,350,541)	\$ (6,006,821)	\$ (5,602,634)	\$ (6,059,262)
Business-type activities	(442,346)	(178,958)	(109,631)	333,756	201,365	(171,926)	(191,980)	(290,491)	(330,808)	(799,293)
Total primary government net expense	<u>\$ (5,707,853)</u>	<u>\$ (5,416,419)</u>	<u>\$ (5,374,149)</u>	<u>\$ (4,760,119)</u>	<u>\$ (4,846,386)</u>	<u>\$ (5,627,356)</u>	<u>\$ (5,542,521)</u>	<u>\$ (6,297,312)</u>	<u>\$ (5,933,442)</u>	<u>\$ (6,858,555)</u>

**TABLE 2**  
**(Continued)**

**TOWN OF VINTON, VIRGINIA**

**CHANGE IN NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 726,573	\$ 684,319	\$ 697,622	\$ 640,391	\$ 539,764	\$ 448,349	\$ 453,135	\$ 510,558	\$ 429,409	\$ 419,401
Sales tax	1,469,693	1,370,590	1,436,325	1,348,456	1,320,700	1,287,437	1,284,455	1,247,566	1,171,590	1,113,322
Business license tax	586,739	482,003	500,713	508,747	489,749	517,111	491,996	460,638	454,636	456,536
Meals tax	1,078,908	966,053	953,721	955,488	912,713	900,591	912,226	909,814	864,448	842,384
Other taxes	667,667	616,344	585,378	576,896	561,080	628,177	692,669	698,412	734,316	755,808
Utilities tax	735,791	756,225	755,985	767,736	782,869	787,097	785,555	782,487	801,264	803,044
Intergovernmental revenue not restricted	812,923	770,645	773,690	744,247	768,956	756,199	807,117	773,617	748,815	664,975
Investment earnings not restricted	50,855	25,780	19,406	17,709	15,438	14,540	4,434	3,020	1,904	3,187
Restricted investment earnings	17,147	-	-	-	60,746	59,628	-	-	-	-
Gain on disposal of property	16,580	-	-	-	7,444	6,516	-	-	-	-
Other	69,900	57,781	66,305	106,706	27,002	21,752	41,418	184,846	81,373	29,275
Transfers	(171,912)	(140,298)	(219,978)	-	-	-	-	500,000	-	78,466
Total governmental activities	<u>6,060,864</u>	<u>5,589,442</u>	<u>5,569,167</u>	<u>5,666,376</u>	<u>5,486,461</u>	<u>5,427,397</u>	<u>5,473,005</u>	<u>6,070,958</u>	<u>5,287,755</u>	<u>5,166,398</u>
<b>Business-type activities:</b>										
Investment earnings not restricted	9,007	7,627	2,172	989	-	7	66	414	1,174	1,824
Restricted investment earnings	31,844	525	94	329	1,353	5,301	762	91	427	1,727
Other	379,813	299,102	338,118	279,661	250,562	255,135	261,934	287,359	275,208	298,591
Transfers	171,912	140,298	219,978	-	-	-	-	(500,000)	-	(78,466)
Total business-type activities	<u>592,576</u>	<u>447,552</u>	<u>560,362</u>	<u>280,979</u>	<u>251,915</u>	<u>260,443</u>	<u>262,762</u>	<u>(212,136)</u>	<u>276,809</u>	<u>223,676</u>
Total primary government	<u>\$ 6,653,440</u>	<u>\$ 6,036,994</u>	<u>\$ 6,129,529</u>	<u>\$ 5,947,355</u>	<u>\$ 5,738,376</u>	<u>\$ 5,687,840</u>	<u>\$ 5,735,767</u>	<u>\$ 5,858,822</u>	<u>\$ 5,564,564</u>	<u>\$ 5,390,074</u>
<b>Changes in Net Position</b>										
Governmental activities	\$ 795,357	\$ 351,981	\$ 304,649	\$ 572,501	\$ 438,710	\$ (28,033)	\$ 122,464	\$ 64,137	\$ (314,879)	\$ (892,864)
Business-type activities	150,230	268,594	450,731	614,735	453,280	88,517	70,782	(502,627)	(53,999)	(575,617)
Total primary government	<u>\$ 945,587</u>	<u>\$ 620,575</u>	<u>\$ 755,380</u>	<u>\$ 1,187,236</u>	<u>\$ 891,990</u>	<u>\$ 60,484</u>	<u>\$ 193,246</u>	<u>\$ (438,490)</u>	<u>\$ (368,878)</u>	<u>\$ (1,468,481)</u>

**Note:** Water and sewer charges for service is the Town's most significant source of own-source revenue.

TABLE 3

## TOWN OF VINTON, VIRGINIA

## FUND BALANCES – GOVERNMENTAL FUND

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	<u>2010</u>								
Pre-GASB 54 implementation:									
General Fund									
Reserved	\$ 361,090								
Unreserved	<u>1,322,095</u>								
Total general fund	<u><u>\$ 1,683,185</u></u>								
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Post-GASB 54 implementation:									
General Fund									
Nonspendable	\$ 323,947	\$ 103,927	\$ 89,382	\$ 62,048	\$ 59,817	\$ 60,358	\$ 19,101	\$ 62,746	\$ 66,341
Restricted	438,293	206,673	132,387	209,649	235,246	190,161	274,908	17,068	372,271
Committed	30,000	30,000	-	-	-	-	-	-	100,000
Assigned	38,621	-	-	-	-	-	-	-	-
Unassigned	<u>2,919,827</u>	<u>2,881,906</u>	<u>2,578,193</u>	<u>2,607,524</u>	<u>2,361,436</u>	<u>2,919,657</u>	<u>2,837,802</u>	<u>2,584,947</u>	<u>1,196,789</u>
Total general fund	<u><u>\$ 3,750,688</u></u>	<u><u>\$ 3,222,506</u></u>	<u><u>\$ 2,799,962</u></u>	<u><u>\$ 2,879,221</u></u>	<u><u>\$ 2,656,499</u></u>	<u><u>\$ 3,170,176</u></u>	<u><u>\$ 3,131,811</u></u>	<u><u>\$ 2,664,761</u></u>	<u><u>\$ 1,735,401</u></u>

**Note:** 2011 was the first year of implementing GASB 54 which revised fund balance classifications.



TABLE 4

## TOWN OF VINTON, VIRGINIA

## CHANGES IN FUND BALANCES – GOVERNMENTAL FUND

Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Revenues</b>										
Taxes	\$ 5,246,337	\$ 4,868,746	\$ 4,904,946	\$ 4,845,354	\$ 4,469,823	\$ 4,562,633	\$ 4,597,882	\$ 4,529,953	\$ 4,467,158	\$ 4,345,947
Permits, privilege fees, and regulatory licenses	6,408	8,955	8,712	9,788	12,403	9,085	10,861	9,273	10,242	12,116
Fines and forfeitures	60,652	71,210	75,085	51,631	56,503	75,059	73,107	75,989	102,566	94,548
Revenue from use of money and property	187,142	148,433	136,695	141,889	197,241	198,625	105,998	105,666	118,560	156,533
Charges for services	382,806	377,369	418,042	452,903	438,558	407,900	387,049	333,832	355,606	328,116
Other	136,351	137,547	150,967	138,589	129,124	149,957	72,337	18,522	16,860	3,562
Intergovernmental	2,481,996	2,444,777	2,965,777	2,612,197	2,411,620	2,243,120	2,239,992	2,303,286	2,303,732	2,170,790
Total revenues	8,501,692	8,057,037	8,660,224	8,252,351	7,715,272	7,646,379	7,487,226	7,376,521	7,374,724	7,111,612
<b>Expenditures</b>										
General government	711,058	695,683	650,824	710,412	668,082	645,071	632,136	618,951	628,386	641,853
Public safety	3,577,731	3,703,343	3,649,236	3,304,624	3,313,099	3,201,533	3,005,917	2,948,155	3,250,590	3,200,859
Public works	1,485,888	1,775,465	1,749,305	1,942,260	1,918,439	1,795,602	1,892,656	1,834,120	1,990,381	2,164,328
Parks, recreation, and cultural	515,693	533,892	570,065	594,550	617,934	620,636	547,604	518,579	551,240	574,215
Community development	458,435	485,624	889,397	687,006	604,476	468,678	386,592	544,245	333,617	365,366
Capital projects	734,326	37,880	463,945	437,389	551,936	140,478	542,235	160,752	114,309	90,570
Debt service:										
Principal retirement	414,532	436,700	535,374	404,038	379,843	372,923	335,766	267,595	260,501	253,500
Interest and fiscal charges	77,568	83,210	91,789	115,486	182,584	186,377	174,699	185,715	195,608	205,189
Bond issuance costs	-	-	-	15,920	-	-	36,638	-	-	-
Total expenditures	7,975,231	7,751,797	8,599,935	8,211,685	8,236,393	7,431,298	7,554,243	7,078,112	7,324,632	7,495,880
Excess (deficiency) of revenues over expenditures	526,461	305,240	60,289	40,666	(521,121)	215,081	(67,017)	298,409	50,092	(384,268)
<b>Other Financing Sources (Uses)</b>										
Proceeds from long-term debt	157,053	-	-	702,000	-	-	2,411,641	-	-	-
Payments to refunded bond escrow agent	-	-	-	(686,080)	-	-	(2,190,889)	-	-	-
Proceeds from capital lease	-	257,602	-	136,599	-	-	313,315	-	-	-
Proceeds from sale of capital assets	16,580	-	80,430	29,537	7,444	6,516	-	130,951	2,124	17,491
Transfers in	(171,912)	(140,298)	(219,978)	-	-	-	-	500,000	-	78,466
Total other financing sources	1,721	117,304	(139,548)	182,056	7,444	6,516	534,067	630,951	2,124	95,957
Net change in fund balances	\$ 528,182	\$ 422,544	\$ (79,259)	\$ 222,722	\$ (513,677)	\$ 221,597	\$ 467,050	\$ 929,360	\$ 52,216	\$ (288,311)
Debt service as a percentage of noncapital expenditures	6.51%	6.82%	7.92%	6.90%	7.50%	7.58%	7.21%	6.49%	6.33%	6.19%

TABLE 5

## TOWN OF VINTON, VIRGINIA

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Personal Property</b>	<b>Machinery and Tools</b>	<b>Public Service Corporation</b>	<b>Mobile Homes</b>	<b>Total Assessed Value</b>	<b>Total Direct Tax Rate</b>	<b>Actual Taxable Value</b>	<b>Value as a Percentage of Assessed Value</b>
2019	\$ 488,906,400	\$ 50,021,021	\$ 9,451,620	\$18,380,300	\$ 33,600	\$566,792,941	\$ 0.07	\$ 566,792,941	100%
2018	477,273,000	45,927,462	8,177,340	17,911,880	52,550	549,342,232	0.07	549,342,232	100
2017	467,013,600	45,889,795	7,448,120	17,210,450	40,250	537,602,215	0.07	537,602,215	100
2016	461,728,300	45,958,231	7,146,010	17,038,560	38,300	531,909,401	0.07	531,909,401	100
2015	458,804,800	45,024,930	6,934,930	17,364,350	42,930	528,171,940	0.06	528,171,940	100
2014	455,632,200	45,223,230	6,882,820	13,713,107	45,720	521,497,077	0.06	521,497,077	100
2013	456,795,100	43,698,440	7,310,490	14,385,245	47,520	522,236,795	0.06	522,236,795	100
2012	465,957,200	43,682,200	7,232,260	15,347,180	46,800	532,265,640	0.06	532,265,640	100
2011	469,499,100	43,392,270	7,232,700	15,191,110	47,740	535,362,920	0.06	535,362,920	100
2010	468,470,600	42,803,545	7,303,000	15,632,460	48,190	534,257,795	0.06	534,257,795	100

**Note:** Assessed value equals actual value. Property is assessed at full market value and is reassessed every year.

TABLE 6

**TOWN OF VINTON, VIRGINIA**  
**PRINCIPAL WATER AND SEWER CUSTOMERS**  
**Current Year and Nine Years Ago**

Customer	Fiscal Year 2019			Fiscal Year 2010		
	Revenue	Rank	Percentage of Total Town Revenue	Revenue	Rank	Percentage of Total Town Revenue
Precision Fabrics Group, Inc.	\$ 206,054	1	5.47 %	\$ 225,333	1	9.30 %
Aramark	155,926	2	4.14	91,727	2	4.00
Cardinal Glass	106,481	3	2.83	54,115	3	2.23
The Berkshire	62,730	4	1.67	49,752	4	2.05
Roanoke County Schools	56,907	5	1.51	22,731	8	0.94
Blue Ridge Manor Apartments	54,566	6	1.45	33,638	6	1.39
RGM	30,216	7	0.80	36,370	5	1.50
Richard Dickerson/RL Mansard Sq	19,563	8	0.52	17,220	9	0.71
F & W Management	17,850	9	0.47	-	-	-
A Porter's Haven	16,751	10	0.44	-	-	-
Clearview Manor	-	-	-	24,454	7	1.01
American Efficiency	-	-	-	9,891	10	0.41
	<u>\$ 727,044</u>			<u>\$ 565,231</u>		

**Source:** Town of Vinton Finance Department

1) FY 2019 % was based on total water and sewer revenue of \$3,766,221

2) FY 2010 % was based on total water and sewer revenue of \$2,423,965

TABLE 7

## TOWN OF VINTON, 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	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2019	\$ 936,327	\$ 842,667	90.00%	\$ -	\$ 842,667	90.00%
2018	874,622	823,616	94.17	14,960	838,576	94.17
2017	859,822	826,673	96.14	20,321	846,994	96.14
2016	853,737	785,340	91.99	13,902	799,242	94.37
2015	736,979	650,501	88.27	13,365	663,866	90.08
2014	645,360	610,294	94.57	12,010	622,304	94.57
2013	635,711	598,141	94.09	13,626	611,767	96.23
2012	637,626	600,406	94.16	13,528	613,934	96.28
2011	634,445	591,743	93.27	11,257	603,000	95.04
2010	637,392	607,701	95.34	13,950	621,651	97.53

**Source:** Detailed Town property tax records.

**Note:** The Town increased the real estate tax rate from \$0.03 to \$0.07 in 2015

TABLE 8

## TOWN OF VINTON, VIRGINIA

## WATER AND SEWER RATES

Last Ten Fiscal Years

Fiscal Year	Residential <sup>1</sup>		Commercial <sup>2</sup>	
	First 3,000 Gallons or Less		First 1,500 Gallons or Less	
	Water	Sewer	Water	Sewer
2019	\$ 18.85	\$ 27.68	\$ 9.43	\$ 13.84
2018	18.85	27.68	9.43	13.84
2017	18.85	27.68	9.43	13.84
2016	18.85	27.68	9.43	13.84
2015	18.85	27.68	9.43	13.84
2014	17.31	25.42	8.66	12.71
2013	15.92	23.39	7.97	11.68
2012	15.92	23.39	7.97	11.68
2011	15.92	23.39	7.97	11.68
2010	13.84	20.34	6.93	10.16

**Note:** Minimum charge for water and sewer residential and commercial service is based on standard 5/8 meter

<sup>1</sup> Residential minimum charges are billed on a bi-monthly basis

<sup>2</sup> Commercial minimum charges are billed on a monthly basis

**TABLE 9****TOWN OF VINTON, VIRGINIA****LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt limit	\$ 56,679,294	\$ 54,934,223	\$ 53,760,222	\$ 53,190,940	\$ 52,817,194	\$ 52,149,708	\$ 51,809,508	\$ 53,226,564	\$ 53,536,292	\$ 53,425,780
Total net debt applicable to limit	<u>5,765,236</u>	<u>6,407,378</u>	<u>7,094,822</u>	<u>7,757,263</u>	<u>8,344,738</u>	<u>8,959,814</u>	<u>10,118,536</u>	<u>7,125,222</u>	<u>7,103,808</u>	<u>7,548,025</u>
Legal debt margin	<u>\$ 50,914,058</u>	<u>\$ 48,526,845</u>	<u>\$ 46,665,400</u>	<u>\$ 45,433,677</u>	<u>\$ 44,472,456</u>	<u>\$ 43,189,894</u>	<u>\$ 41,690,972</u>	<u>\$ 46,101,342</u>	<u>\$ 46,432,484</u>	<u>\$ 45,877,755</u>
Total net debt applicable to the limit as a percentage of debt limit	10.17%	11.66%	13.20%	14.58%	15.80%	17.18%	19.53%	13.39%	13.27%	14.13%

**Legal Debt Margin Calculation for Fiscal Year 2019**

Assessed value	<u>\$ 566,792,941</u>
Debt limit (10% of assessed value)	\$ 56,679,294
Less debt applicable to limit:	
General obligation bonds	<u>5,765,236</u>
Legal debt margin	<u>\$ 50,914,058</u>

**Note:** Assessed value of property can be found in Table 5. Town has no overlapping debt related to governmental activities.

TABLE 10

## TOWN OF VINTON, VIRGINIA

RATIOS OF OUTSTANDING DEBT BY TYPE  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business Type Activities				
	General Obligation Bonds <sup>1</sup>	Revenue Bonds <sup>1</sup>	Capital Leases	Obligations Payable	Total	General Obligation Bonds <sup>1</sup>	Revenue Bonds <sup>1</sup>	Obligations Payable	Capital Leases	Total
2019	\$ 2,328,839	\$ -	\$ 352,931	\$ 139,296	\$ 2,821,066	\$ 3,453,480	\$ 1,687,000	\$ 236,861	\$ 666,344	\$ 6,043,685
2018	2,637,173	-	240,612	203,036	3,080,821	3,789,564	1,852,617	252,532	498,198	6,392,911
2017	2,940,783	-	54,837	266,576	3,262,196	4,175,676	2,015,327	266,363	-	6,457,366
2016	3,242,029	-	230,969	327,424	3,800,422	4,539,723	2,184,037	280,605	-	7,004,365
2015	3,488,651	-	159,415	385,080	4,033,146	4,892,861	2,150,851	294,516	-	7,338,228
2014	3,724,405	-	209,262	442,548	4,376,215	5,235,409	2,274,519	-	-	7,509,928
2013	4,056,402	-	257,549	425,000	4,738,951	5,941,895	2,393,190	-	-	8,335,085
2012	2,733,027	1,377,256	-	475,000	4,585,283	3,950,222	2,506,858	-	-	6,457,080
2011	2,880,305	1,453,521	47,595	-	4,381,421	4,258,808	2,615,526	-	-	6,874,334
2010	3,027,582	1,524,786	93,096	-	4,645,464	4,558,026	2,719,195	-	-	7,277,221

Fiscal Year	Total Primary Government <sup>1</sup>	Total Taxable Assessed Value	Net General Bonded Debt to Estimated Actual Value of Taxable Property	Population	Bonded Debt Per Capita	Per Capita Personal Income	Net General Bonded Debt Per Capita to Per Capita Personal Income
2019	\$ 5,782,319	\$ 566,792,941	1.05%	8,096	\$ 714	\$ 49,860	1.43%
2018	6,426,737	549,342,232	1.17	8,065	797	48,384	1.65
2017	7,116,459	537,602,215	1.32	8,185	869	48,047	1.81
2016	7,781,752	531,909,401	1.46	8,231	945	45,577	2.07
2015	8,381,512	528,171,940	1.59	8,151	1,028	43,418	2.37
2014	8,959,814	521,497,080	1.72	8,151	1,099	42,288	2.60
2013	9,998,297	518,095,080	1.93	8,092	1,236	40,688	3.04
2012	6,683,249	532,265,640	1.26	8,130	822	39,866	2.06
2011	7,139,113	535,362,920	1.33	8,098	882	39,315	2.24
2010	7,585,608	534,257,800	1.42	7,814	971	39,315	2.46

**Note:** Assessed value of property can be found in Table 5.

**Note:** Population and personal income can be found in Table 12.

<sup>1</sup> Includes bond premiums

TABLE 11

**TOWN OF VINTON, VIRGINIA**  
**PLEDGED REVENUE COVERAGE**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Gross Revenue</b>	<b>Less: Operating Expenses <sup>(1)</sup></b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal <sup>(2)</sup></b>	<b>Interest</b>	
2019	\$ 3,807,093	\$ 2,867,974	\$ 939,119	\$ 591,312	\$ 178,562	1.22
2018	3,661,311	2,344,160	1,317,151	595,555	166,641	1.73
2017	3,738,966	2,182,323	1,556,643	543,289	181,582	2.12
2016	3,718,514	2,241,937	1,476,577	487,049	311,245	1.85
2015	3,447,765	2,115,736	1,332,029	462,548	257,957	1.85
2014	3,263,413	2,261,529	1,001,884	504,718	256,920	1.32
2013	3,016,909	2,129,633	887,276	428,247	215,281	1.38
2012	3,041,715	2,187,683	854,032	413,586	232,992	1.32
2011	2,948,965	2,140,766	808,199	399,218	225,689	1.29
2010	2,741,776	2,361,718	380,058	385,135	195,038	0.66

**Notes:** Details regarding the Town's outstanding debt can be found in the Notes to Financial Statements.

(1) Excluding depreciation, interest, and amortization

(2) Excluding refunded principal payments



TABLE 12

## TOWN OF VINTON, VIRGINIA

## DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

<b>Fiscal Year Ended</b>	<b>Population (1)</b>	<b>Total Personal Income (2)</b>	<b>Per Capita Personal Income (2)</b>	<b>Public School Roanoke CO Enrollment (3)</b>	<b>Public Town of Vinton Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2019	8,096	\$ 5,962,802	\$ 49,860	14,121	972	2.90%
2018	8,065	5,786,000	48,384	14,155	926	3.40
2017	8,185	5,780,000	48,047	14,235	965	3.70
2016	8,231	5,435,865	45,577	14,135	910	3.70
2015	8,151	5,159,100	43,418	14,384	948	4.50
2014	8,151	4,984,547	42,288	14,333	965	5.50
2013	8,092	4,789,030	40,688	14,369	935	5.90
2012	8,130	4,672,000	39,866	14,454	927	5.70
2011	8,098	4,561,791	39,315	14,259	951	5.70
2010	7,814	4,561,791	39,315	14,474	921	6.30

**Sources:**

(1) From U.S. Census Bureau link at [www.rvarc.org/demographics/](http://www.rvarc.org/demographics/)

(2) Personal Income and Per Capita Personal Income from the U.S. Department of Commerce Bureau of Economic Analysis. Latest information available as of 2018 at <https://apps.bea.gov/regional/bearfacts/>

(3) Virginia Department of Education - Membership Reporting  
[http://www.doe.virginia.gov/statistics\\_reports/enrollment/index.shtml](http://www.doe.virginia.gov/statistics_reports/enrollment/index.shtml)

(4) Virginia Employment Commission [www.bls.gov/regions/mid-atlantic/virginia.htm#eag](http://www.bls.gov/regions/mid-atlantic/virginia.htm#eag)

TABLE 13

## TOWN OF VINTON, VIRGINIA

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

Employer	Fiscal Year 2019			Fiscal Year 2010		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Berkshire	215	1	2.66%	216	2	6.03%
Precision Fabrics Group, Inc.	205	2	2.53	261	1	7.29
Kroger	185	3	2.29	149	3	4.16
Rosie's Gaming Emporium	130	4	1.61	-	-	-
Roanoke County Schools (Vinton)	127	5	1.57	127	4	3.55
Aramark Uniform Services	97	6	1.20	70	7	1.95
Town of Vinton	95	7	1.17	107	5	2.99
McDonalds	90	8	1.11	90	6	2.51
Magnets USA	64	9	0.79	N/A	N/A	N/A
Lancerlot	62	10	0.77	60	8	1.68
	<u>1,270</u>		<u>15.69%</u>	<u>1,080</u>		<u>13.82%</u>

**Source:** Employer Business Application or HR Contact

N/A - Not Available

TABLE 14

## TOWN OF VINTON, VIRGINIA

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

<b><u>Function/Program</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
General government										
Management services	4	4	4	4	4	4	4	4	4	4
Finance	5	5	5	5	6	6	6	6	5	5
Planning	3	2	3	3	3	3	3	3	3	3
Police										
Officers	23	23	24	22	22	24	24	24	25	24
Civilians	2	2	2	2	2	2	2	2	2	10
Fire										
Firefighters and officers	11	11	12	10	11	10	9	9	9	9
Other public works	30	34	33	29	31	32	32	32	34	33
Parks, recreation, and cultural	3	3	3	3	2	3	3	3	3	3
Total	<u>81</u>	<u>84</u>	<u>86</u>	<u>78</u>	<u>81</u>	<u>84</u>	<u>83</u>	<u>83</u>	<u>85</u>	<u>91</u>

**Source:** Town of Vinton HR Department

TABLE 15

**TOWN OF VINTON, VIRGINIA**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
General government										
Fleet equipment	133	133	133	133	133	133	117	117	117	117
Pieces of equipment maintained	133	133	133	133	133	133	117	117	117	117
Public safety:										
Police										
Arrests	947	1,034	594	722	507	578	582	667	546	531
Parking violations	30	40	58	133	52	64	48	56	82	139
Traffic violations	1,735	2,449	2,021	1,187	1,143	1,603	1,408	1,734	1,933	2,431
EMS										
Emergency responses	2,248	2,607	2,637	2,656	2,615	2,735	2,654	2,872	2,319	2,219
Fire										
Emergency responses	305	830	501	774	278	623	306	677	514	476
Public works										
Refuse collection										
Refuse collected (tons per day)	12.39	11.80	12.21	11.92	12.55	12.78	12.92	12.75	12.70	14.00
Recyclables collected (tons per day)	0.35	0.45	1	0.54	0.65	0.70	0.68	2.00	2.00	1.60
Other public works										
Street resurfacing (miles)	2.71	2.50	2	2.03	-	1.30	2.17	1.80	1.80	1.90
Parks, recreation, and cultural										
Parks and recreation - attendees										
Vinton Dogwood Festival (4-day)	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
4th of July	4,000	5,000	5,000	5,000	5,000	5,000	4,000	4,000	4,000	4,000
Enchanted Eve (Co-Sponsor Roanoke County)	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	5,000
Vinton Fall Festival (Co-Sponsor Chamber of Commerce)	3,500	6,000	6,000	9,000	9,000	6,000	6,000	6,000	6,000	6,000
Water										
Number of customer accounts	5,136	5,115	5,120	5,093	5,074	5,085	5,071	5,051	5,044	5,040
Miles of distribution lines	61	61	61	61	61	61	61	61	61	61
Volume pumped (million gallons per day average)	2	1	1	1.27	1.23	1.14	1.21	1.23	1.26	1.47
Sewer										
Number of customer accounts	4,710	4,691	4,686	4,658	4,639	4,642	4,636	4,607	4,610	4,609
Miles of collection lines	60	60	60	60	60	60	60	60	60	60
Waste/Water treated (million gallons per day)	1.02	1.32	1.32	1.40	1.19	0.92	0.96	0.99	1.09	1.27

N/A - Not available.

Refuse collected (tons per day) - based on 260 collection days per year.

Recyclables collected (tons per day) - based on 130 collection days per year.

**Source:** Various Town of Vinton Departments

TABLE 16

## TOWN OF VINTON, VIRGINIA

CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years

<b>Function/Program</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Public safety										
Law enforcement vehicles	24	27	27	25	26	25	25	26	27	27
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works										
Primary streets (lane miles)	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62
Secondary streets (lane miles)	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32
Streetlights	505	505	505	503	502	500	500	500	500	500
Parks, recreation, and cultural										
Community centers										
Vinton Senior Program (No. of Events/Attendance)	428/6283	356/5822	285/4370	252/4166	240/3990	223/3,965	253/3775	231/4033	174/3396	1/18
Charles R. Hill Center (Rentals)	298	303	316	283	291	289	437	299	218	295
Skate Park	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Vinton War Memorial	240	250	276	273	235	282	301	200	202	271
Parks/athletic fields										
Gearhart Park (TOV owned-Leased to Rke County)	NA	NA	NA	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Greenway (3/4 Mile) Cinder Surface	30,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Lawfit Course (5 Fitness Stations)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,120	1,120
War Memorial Playground	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Vinton Municipal Pool	Closed	Closed	Closed	7,977	7,977	8,458	10,562	10,176	12,246	11,270
Water and sewer										
Water mains (miles)	61	61	61	61	61	61	61	61	61	61
Sanitary sewers (miles)	60	60	60	60	60	60	60	60	60	60
Stormwater										
Storm sewers (miles)	12	12	12	12	12	12	12	12	12	12
Signalized Street Intersections										
Traffic Signals (each)	11	11	11	11	11	11	11	11	11	11

Source: Various Town of Vinton Departments

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## COMPLIANCE SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vinton, Virginia (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 8, 2019.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **However, as described in the accompanying schedule of finding and response, we identified a certain deficiency in internal control that we consider to be a material weakness, which is labelled as item 2019-001.**

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town'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 Vinton's Response to Finding**

The Town of Vinton's response to the finding identified in our audit is described in the accompanying schedule of finding and response. The Town's response was 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 that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia  
November 8, 2019

**TOWN OF VINTON, VIRGINIA**  
**SUMMARY OF COMPLIANCE MATTERS**  
**June 30, 2019**

As more fully described in the 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*, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants shown below.

**STATE COMPLIANCE MATTERS**

Code of Virginia:

- Budget and Appropriation Laws
- Cash and Investment Laws
- Conflicts of Interest Act
- Debt Provisions
- Local Retirement Systems
- Procurement Laws
- Uniform Disposition of Unclaimed Property Act

State Agency Requirements:

- Highway Maintenance Funds

**LOCAL COMPLIANCE MATTERS**

Town Charter

**TOWN OF VINTON, VIRGINIA**  
**SCHEDULE OF FINDING AND RESPONSE**  
**Year Ended June 30, 2019**

**A. FINDING – FINANCIAL STATEMENT AUDIT**

**2019-001: Segregation of Duties (Material Weakness)**

*Condition:*

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. A proper segregation of duties has not been established in functions related to accounts payable, accounts receivable, cash disbursements, and information technology.

*Recommendation:*

Steps should be taken to eliminate performance of conflicting duties where possible or to implement effective compensating controls.

*Management's Response:*

Management noted this finding. The Finance Director has segregated duties, to the extent practical, to minimize instances where the same person has complete control of a transaction or conflicting duties.

**B. FINDING – COMMONWEALTH OF VIRGINIA**

**None.**

**TOWN OF VINTON, VIRGINIA**  
**SCHEDULE OF PRIOR AUDIT FINDING**  
**Year Ended June 30, 2019**

**A. FINDING – FINANCIAL STATEMENT AUDIT**

**2007-001: Segregation of Duties (Material Weakness)**

*Condition:*

A fundamental concept of internal controls is the separation of duties. No one employee should have access to both physical assets and the related accounting records, or to all phases of a transaction. A proper segregation of duties has not been established in functions related to payroll, accounts payable, accounts receivable, cash disbursements, and information technology.

*Current Status:*

Condition cleared with regard to payroll and still present for accounts payable, accounts receivable, cash disbursements, and information technology.