



TOWN OF ONANCOCK, VIRGINIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017

TOWN OF ONANCOCK, VIRGINIA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

COUNCIL

Russell Jones, Mayor

T. Lee Byrd

Fletcher Fosque

Robert Bloxom

Catherine Krause

Ray Burger

Joshua Bundick

OFFICIALS

Russell Jones, Mayor

William Kerbin, Town Manager

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	8
Exhibit 2 Statement of Activities	9-10
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	11
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds	12
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities—Governmental Funds	13
Exhibit 6 Statement of Net Position—Proprietary Fund	14
Exhibit 7 Schedule of Revenues, Expenses and Changes in Net Position— Proprietary Fund	15
Exhibit 8 Statement of Cash Flows—Proprietary Fund	16
Notes to Financial Statements	17-50
<u>Required Supplementary Information:</u>	
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual—General Fund	51
Exhibit 10 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	52
Exhibit 11 Schedule of Employer Contributions	53
Exhibit 12 Notes to Required Supplementary Information	54

Table of Contents (Continued)

Page

Other Supplementary Information:

Supporting Schedules:

Schedule 1	Schedule of Revenues—Budget and Actual—General Fund	55-56
Schedule 2	Schedule of Expenditures—Budget and Actual—General Fund	57-60

Statistical Information:

Table 1	Changes in Net Position	61-62
Table 2	Changes in Fund Balances—Governmental Funds	63-64
Table 3	Schedule of Legal Debt Margin	65-66
Table 4	Property Tax Levies and Collections	67
Table 5	Assessed Value of Taxable Property	68

Compliance:

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69-70
---	-------

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Onancock, Virginia, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Onancock, Virginia, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension funding on pages 3-7, 51, and 52-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2018, on our consideration of the Town of Onancock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Onancock, Virginia's internal control over financial reporting and compliance.

Robinson, Farnell, Cox Associates
Charlottesville, Virginia
January 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Onancock, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

- The 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 \$12,628,437 (net position). A majority of this amount, \$11,572,458, is invested in capital assets and is not available to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town reported a General Fund balance of \$633,402, an increase of \$121,146 from the prior year.
- The Town's total long-term obligations decreased from \$8,865,420 to \$8,421,020 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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, liabilities, and deferred outflows/inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

Overview of the Financial Statements: (Continued)

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

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 of Onancock, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories - the governmental funds and proprietary funds.

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 statement, the governmental fund financial statement focuses on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

Notes to 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 statements.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, and deferred outflows of resources assets exceeded liabilities and deferred inflows of resources by \$12,628,437 at the close of the most recent fiscal year.

Government-wide Financial Analysis: (Continued)

Town of Onancock, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 1,303,176	\$ 1,196,360	\$ 280,236	\$ 360,116	\$ 1,583,412	\$ 1,556,476
Capital assets	1,959,617	2,001,016	17,984,539	18,477,647	19,944,156	20,478,663
Total assets	<u>\$ 3,262,793</u>	<u>\$ 3,197,376</u>	<u>\$ 18,264,775</u>	<u>\$ 18,837,763</u>	<u>\$ 21,527,568</u>	<u>\$ 22,035,139</u>
Deferred outflows of resources	\$ 52,737	\$ 23,838	\$ 26,574	\$ 13,201	\$ 79,311	\$ 37,039
Total assets and deferred outflows of resources	<u>\$ 3,315,530</u>	<u>\$ 3,221,214</u>	<u>\$ 18,291,349</u>	<u>\$ 18,850,964</u>	<u>\$ 21,606,879</u>	<u>\$ 22,072,178</u>
Current liabilities	\$ 86,335	\$ 81,464	\$ 655,242	\$ 657,039	\$ 741,577	\$ 738,503
Long-term liabilities	411,663	436,673	7,814,860	8,239,887	8,226,523	8,676,560
Total liabilities	<u>\$ 497,998</u>	<u>\$ 518,137</u>	<u>\$ 8,470,102</u>	<u>\$ 8,896,926</u>	<u>\$ 8,968,100</u>	<u>\$ 9,415,063</u>
Deferred inflows of resources	\$ 7,952	\$ 27,766	\$ 2,390	\$ 13,856	\$ 10,342	\$ 41,622
Net position:						
Net investment in capital assets	\$ 1,814,069	\$ 1,821,321	\$ 9,758,389	\$ 9,829,594	\$ 11,572,458	\$ 11,650,915
Unrestricted	<u>995,511</u>	<u>853,990</u>	<u>60,468</u>	<u>110,588</u>	<u>1,055,979</u>	<u>964,578</u>
Total net position	<u>\$ 2,809,580</u>	<u>\$ 2,675,311</u>	<u>\$ 9,818,857</u>	<u>\$ 9,940,182</u>	<u>\$ 12,628,437</u>	<u>\$ 12,615,493</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 3,315,530</u>	<u>\$ 3,221,214</u>	<u>\$ 18,291,349</u>	<u>\$ 18,850,964</u>	<u>\$ 21,606,879</u>	<u>\$ 22,072,178</u>

A large part of the Town's net position, \$11,572,458 reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$134,269 while proprietary activities decreased net position by \$121,325. Key elements of these changes are as follows:

Town of Onancock, Virginia's Changes in Net Position For the Years Ended June 30, 2017 and 2016

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 214,705	\$ 184,936	\$ 1,018,085	\$ 872,777	\$ 1,232,790	\$ 1,057,713
Operating grants and contributions	58,540	89,290	-	-	58,540	89,290
Capital grants and contributions	12,708	89,965	-	-	12,708	89,965
General revenues:						
General property taxes	493,419	410,275	-	-	493,419	410,275
Other local taxes	328,025	333,215	-	-	328,025	333,215
Other general revenues	193,475	212,813	-	-	193,475	212,813
Total revenues	\$ 1,300,872	\$ 1,320,494	\$ 1,018,085	\$ 872,777	\$ 2,318,957	\$ 2,193,271
Expenses:						
General government administration	\$ 361,305	\$ 287,787	\$ -	\$ -	\$ 361,305	\$ 287,787
Public safety	358,015	353,330	-	-	358,015	353,330
Public works	263,010	328,012	-	-	263,010	328,012
Parks, recreation, and cultural	177,883	138,795	-	-	177,883	138,795
Interest and other fiscal charges	6,390	8,113	-	-	6,390	8,113
Water and Sewer Fund	-	-	1,139,410	1,191,331	1,139,410	1,191,331
Total expenses	\$ 1,166,603	\$ 1,116,037	\$ 1,139,410	\$ 1,191,331	\$ 2,306,013	\$ 2,307,368
Increase/(decrease) in net position	\$ 134,269	\$ 204,457	\$ (121,325)	\$ (318,554)	\$ 12,944	\$ (114,097)
Net position, beginning	2,675,311	2,470,854	9,940,182	10,258,736	12,615,493	12,729,590
Net position, ending	\$ 2,809,580	\$ 2,675,311	\$ 9,818,857	\$ 9,940,182	\$ 12,628,437	\$ 12,615,493

Financial Analysis of the Town's Funds

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

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 Town's net resources available for spending at the end of the fiscal year. At June 30, 2017 the Town's fund balances total \$779,227, as the balance increased \$121,168 during the fiscal year.

General Fund Budgetary Highlights

The General Fund budget reflected revenues in the amount of \$1,292,905 and expenditures of \$1,137,818 (reference exhibit 9). Actual General Fund revenues totaled \$1,267,845 which was \$25,060 less than the final budget. General Fund expenditures totaled \$1,146,699 and were more than final budget amounts by \$8,881. Overall general revenues exceeded expenditures by \$121,146, reference Exhibit 9.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets (net of related debt) for its governmental funds as of June 30, 2017 totals \$1,783,220 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, and machinery and equipment. The Town's investment in capital assets for the current fiscal year decreased by \$38,101. Capital assets in the proprietary fund decreased by \$71,205.

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

Debt

During the year, the Town decreased its business-type activities obligations by \$425,886. Annual requirements to amortize all long-term debt and related interest and other information relative to the Town's debt can be found in Note 5 to the financial statements.

Contact the Town's Financial Management

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

This page intentionally left blank

Basic Financial Statements

This page intentionally left blank

Government-wide Financial Statements

This page intentionally left blank

Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 706,220	\$ 268,324	\$ 974,544
Cash and cash equivalents - restricted	7,035	296,322	303,357
Receivables (net of allowance for uncollectibles):			
Property taxes	102,435	-	102,435
Accounts receivable	5,388	20,834	26,222
Due from other governments	-	-	-
Prepaid items	15,108	-	15,108
Internal balances	356,551	(356,551)	-
Total Current Assets	\$ 1,192,737	\$ 228,929	\$ 1,421,666
Noncurrent Assets:			
Net pension asset	\$ 110,439	\$ 51,307	\$ 161,746
Capital assets (net of depreciation):			
Land	908,494	-	908,494
Construction in progress	29,160	-	29,160
Buildings and improvements	532,999	3,830,827	4,363,826
Machinery and equipment	37,982	78,187	116,169
Infrastructure	450,982	14,075,525	14,526,507
Total Capital Assets (net of accumulated depreciation)	\$ 1,959,617	\$ 17,984,539	\$ 19,944,156
Total Noncurrent Assets	\$ 2,070,056	\$ 18,035,846	\$ 20,105,902
Total Assets	\$ 3,262,793	\$ 18,264,775	\$ 21,527,568
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions subsequent to measurement date	\$ 21,091	\$ 10,049	\$ 31,140
Items related to measurement of net pension asset	31,646	16,525	48,171
Total Deferred Outflows of Resources	\$ 52,737	\$ 26,574	\$ 79,311
Total Assets and Deferred Outflows of Resources	\$ 3,315,530	\$ 18,291,349	\$ 21,606,879
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 47,259	\$ 25,185	\$ 72,444
Accrued interest payable	-	7,513	7,513
Unearned revenue - current portion	6,850	199,973	206,823
Current portion of long-term obligations	32,226	422,571	454,797
Total Current Liabilities	\$ 86,335	\$ 655,242	\$ 741,577
Noncurrent Liabilities:			
Unearned revenue - long-term portion	\$ 260,300	\$ -	\$ 260,300
Noncurrent portion of long-term obligations	151,363	7,814,860	7,966,223
Total Noncurrent Liabilities	\$ 411,663	\$ 7,814,860	\$ 8,226,523
Total Liabilities	\$ 497,998	\$ 8,470,102	\$ 8,968,100
DEFERRED INFLOWS OF RESOURCES:			
Items related to measurement of net pension asset	\$ 7,952	\$ 2,390	\$ 10,342
Total Deferred Inflows of Resources	\$ 7,952	\$ 2,390	\$ 10,342
NET POSITION			
Net investment in capital assets	\$ 1,814,069	\$ 9,758,389	\$ 11,572,458
Unrestricted assets	995,511	60,468	1,055,979
Total Net Position	\$ 2,809,580	\$ 9,818,857	\$ 12,628,437
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,315,530	\$ 18,291,349	\$ 21,606,879

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

TOWN OF ONANCOCK, VIRGINIA

Statement of Activities

Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government administration	\$ 361,305	\$ 600	\$ 1,000	\$ -
Public safety	358,015	15,162	57,540	-
Public works	263,010	72,510	-	-
Parks, recreation and cultural	177,883	126,433	-	12,708
Interest and other fiscal charges	6,390	-	-	-
Total governmental activities	\$ 1,166,603	\$ 214,705	\$ 58,540	\$ 12,708
Business-type activities:				
Water and Sewer	1,139,410	1,018,085	-	-
Total primary government	\$ 2,306,013	\$ 1,232,790	\$ 58,540	\$ 12,708
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers utility taxes				
Meals taxes				
Business license taxes				
Bank franchise taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (359,705)	\$ -	\$ (359,705)
(285,313)	-	(285,313)
(190,500)	-	(190,500)
(38,742)	-	(38,742)
(6,390)	-	(6,390)
\$ (880,650)	\$ -	\$ (880,650)
-	(121,325)	(121,325)
\$ (880,650)	\$ (121,325)	\$ (1,001,975)
\$ 493,419	\$ -	\$ 493,419
68,382	-	68,382
53,160	-	53,160
115,247	-	115,247
30,847	-	30,847
31,879	-	31,879
28,510	-	28,510
8,061	-	8,061
161,209	-	161,209
24,205	-	24,205
\$ 1,014,919	\$ -	\$ 1,014,919
\$ 134,269	\$ (121,325)	\$ 12,944
2,675,311	9,940,182	12,615,493
\$ 2,809,580	\$ 9,818,857	\$ 12,628,437

This page intentionally left blank

Fund Financial Statements

This page intentionally left blank

Balance Sheet - Governmental Funds

June 30, 2017

	General Fund	Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 653,384	\$ 52,836	\$ 706,220
Cash and cash equivalents - restricted	7,035	-	7,035
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	102,435	-	102,435
Accounts	5,388	-	5,388
Due from other funds	356,551	92,989	449,540
Prepaid items	15,108	-	15,108
Total assets	<u>\$ 1,139,901</u>	<u>\$ 145,825</u>	<u>\$ 1,285,726</u>
LIABILITIES			
Accounts payable	\$ 47,259	\$ -	\$ 47,259
Unearned revenue	267,150	-	267,150
Due to other funds	92,989	-	92,989
Total liabilities	<u>\$ 407,398</u>	<u>\$ -</u>	<u>\$ 407,398</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 99,101	\$ -	\$ 99,101
FUND BALANCES			
Nonspendable	\$ 15,108	\$ -	\$ 15,108
Restricted:			
Housing rehabilitation	-	145,825	145,825
Unassigned	618,294	-	618,294
Total fund balances	<u>\$ 633,402</u>	<u>\$ 145,825</u>	<u>\$ 779,227</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,139,901</u>	<u>\$ 145,825</u>	<u>\$ 1,285,726</u>

Detailed explanation of adjustments from fund statements to government-wide Statement of Net Position:

Fund balance of governmental funds \$ 779,227

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the locality as a whole. 1,959,617

Some of the Town's property taxes will be collected after year-end, but are not available soon enough to pay for the current year's expenditures, and therefore are reported as unavailable revenue in the funds. 99,101

The net pension asset is not an available resource and, therefore, is not reported in the funds. 110,439

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Items related to the measurement of net pension liability (7,952)

Pension contributions subsequent to the measurement date and differences between expected and actual experience will be a reduction to/increase in the net pension liability / asset in the next fiscal year and, therefore, are not reported in the funds. 21,091

Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the Statement of Net Position.

Compensated absences	\$ (38,041)	
Other deferred outflows of resources	31,646	
Notes payable	(145,548)	(151,943)

Net position of general government activities \$ 2,809,580

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

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 Year Ended June 30, 2017

	General Fund	Other Governmental Funds	Total
Revenues:			
General property taxes	\$ 460,414	\$ -	\$ 460,414
Other local taxes	328,025	-	328,025
Permits, privilege fees and regulatory licenses	600	-	600
Fines and forfeitures	15,162	-	15,162
Revenue from use of money and property	8,039	22	8,061
Charges for services	198,943	-	198,943
Miscellaneous	24,205	-	24,205
Intergovernmental:			
Commonwealth	223,817	-	223,817
Federal	8,640	-	8,640
Total revenues	\$ 1,267,845	\$ 22	\$ 1,267,867
Expenditures:			
Current:			
General government administration	\$ 337,182	\$ -	\$ 337,182
Public safety	339,992	-	339,992
Public works	220,309	-	220,309
Parks, recreation and cultural	196,607	-	196,607
Nondepartmental	11,834	-	11,834
Debt service:			
Principal retirement	34,147	-	34,147
Interest and other fiscal charges	6,628	-	6,628
Total expenditures	\$ 1,146,699	\$ -	\$ 1,146,699
Excess (deficiency) of revenues over (under) expenditures	\$ 121,146	\$ 22	\$ 121,168
Net change in fund balances	\$ 121,146	\$ 22	\$ 121,168
Fund balances, at beginning of year	512,256	145,803	658,059
Fund balances, at end of year	\$ 633,402	\$ 145,825	\$ 779,227

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2017

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	121,168
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following details support this adjustment.		
Depreciation expense	\$ (78,725)	
Capital outlay	<u>37,326</u>	(41,399)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable property taxes is reported as revenues in the governmental funds.		
		33,006
The change in deferred inflows of resources related to the measurement of the net pension asset is not reported in governmental funds.		
		19,814
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.		
Payment of principal		34,147
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. The following is a summary of items supporting this adjustment:		
Change in net pension asset	\$ (45,972)	
Change in deferred outflows of resources related to pension	28,899	
Change in accrued interest payable	238	
Change in compensated absences	<u>(15,632)</u>	(32,467)
Change in net position of governmental activities	\$	<u><u>134,269</u></u>

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

Statement of Net Position
 Proprietary Fund
 June 30, 2017

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 268,324
Cash and cash equivalents - restricted debt service	296,322
Accounts receivable, net of allowance for uncollectibles	20,834
Total current assets	\$ 585,480
Noncurrent assets:	
Net pension asset	\$ 51,307
Capital assets (net of accumulated depreciation):	
Buildings and improvements	\$ 3,830,827
Machinery and equipment	78,187
Infrastructure	14,075,525
Total capital assets (net of accumulated depreciation)	\$ 17,984,539
Total noncurrent assets	\$ 18,035,846
Total assets	\$ 18,621,326
DEFERRED OUTFLOWS OF RESOURCES:	
Pension contributions subsequent to measurement date	\$ 10,049
Items related to the measurement of the net pension asset	16,525
Total deferred outflows of resources	\$ 26,574
Total assets and deferred outflows of resources	\$ 18,647,900
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 25,185
Accrued interest payable	7,513
Due to other funds	356,551
Unearned revenue	199,973
Compensated absences - current portion	1,128
Bonds and note payable - current portion	421,443
Total current liabilities	\$ 1,011,793
Noncurrent liabilities:	
Bonds and note payable - net of current portion	\$ 7,804,707
Compensated absences - net of current portion	10,153
Total noncurrent liabilities	\$ 7,814,860
Total liabilities	\$ 8,826,653
DEFERRED INFLOWS OF RESOURCES:	
Items related to measurement of the net pension asset	\$ 2,390
NET POSITION	
Net investment in capital assets	\$ 9,758,389
Unrestricted	60,468
Total net position	\$ 9,818,857
Total liabilities, deferred inflows of resources and net position	\$ 18,647,900

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

Statement of Revenues, Expenses and Change in Net Position
 Proprietary Fund
 Year Ended June 30, 2017

	Enterprise Fund Water and Sewer Fund
Operating revenues:	
Charges for water services	\$ 253,743
Charges for sewer services	731,301
Penalties	15,795
Leachate revenue	15,361
Miscellaneous	1,885
Total operating revenues	\$ 1,018,085
Operating expenses:	
Water:	
Personnel services	\$ 55,958
Benefits	17,812
Contractual services	10,187
Other charges	42,794
Total water operating expenses	\$ 126,751
Sewer:	
Personnel services	\$ 152,391
Benefits	44,835
Contractual services	91,042
Other charges	129,513
Total sewer operating expenses	\$ 417,781
Other operating expenses:	
Depreciation	\$ 493,108
Total other operating expenses	\$ 493,108
Total operating expenses	\$ 1,037,640
Net operating income (loss)	\$ (19,555)
Nonoperating revenues (expenses):	
Interest expense	\$ (101,770)
Total nonoperating revenues (expenses)	\$ (101,770)
Change in net position	\$ (121,325)
Net position - beginning	9,940,182
Net position - ending	\$ 9,818,857

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

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2017

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,031,266
Payments to employees (including fringe benefits)	(273,322)
Payments for operating activities	<u>(274,513)</u>
Net cash provided by (used for) operating activities	\$ <u>483,431</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (421,903)
Interest paid on loans	<u>(101,732)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(523,635)</u>
Cash flows from noncapital financing activities:	
Transfers in (out)	\$ <u>40,483</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>40,483</u>
Increase (decrease) in cash and cash equivalents	\$ 279
Cash and cash equivalents at beginning of year	<u>564,367</u>
Cash and cash equivalents at end of year	\$ <u><u>564,646</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (19,555)
Adjustments to reconcile operating income (loss) to net cash provided provided by (used for) operating activities:	
Depreciation	493,108
Changes in operating activities:	
(Increase) decrease in accounts receivable	13,181
Increase (decrease) in accounts payable	(977)
(Increase) decrease in deferred outflows of resources	(13,373)
Increase (decrease) in deferred inflows of resources	(11,466)
(Increase) decrease in net pension asset	26,495
Increase (decrease) in compensated absences	<u>(3,982)</u>
Net cash provided by (used for) operating activities	\$ <u><u>483,431</u></u>

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements June 30, 2017

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

Financial Statement Presentation: (Continued)

Statement of Activities (Continued)

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

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

A. Financial Reporting Entity

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The special revenue fund consists of the Housing Rehabilitation Fund which is considered to be a nonmajor fund.

2. Proprietary Funds

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

Enterprise Funds

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

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

C. Budgets and Budgetary Accounting

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

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

For the fiscal year ended June 30, 2017, expenditures exceeded appropriations in the General Fund by \$8,881.

D. Cash and Cash Equivalents

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

E. Prepaid Items

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

F. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The Town computes its allowance for uncollectible accounts using historical collection data. At June 30, 2017 the allowance for uncollectible general property taxes totaled \$51,769 and \$84,713 for water and sewer receivables.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)**G. Capital Assets**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was zero interest attributable to capitalized assets at June 30, 2017.

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

	<u>Years</u>
Buildings and Improvements	40
Machinery and equipment	5 to 10
Infrastructure	20 to 50

H. Compensated Absences

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

I. Use of Estimates

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

J. Long-Term Obligations

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

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

K. Fund Equity

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

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

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

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

L. Net Position

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

M. Net Position Flow Assumption

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

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

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has several items that qualify for reporting in this category. One is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability measurement date, which will be recognized as a reduction of the net pension liability next fiscal year. Another is comprised of certain items related to the measurement of net pension liability (asset). These include differences between expected and actual experience, the net difference between projected and actual earnings on pension plan investments, and differences in proportionate share. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. In addition, certain items related to the measurement of the net pension liability which are reported as deferred inflows of resources. The items include differences between expected and actual experience, differences in proportionate share of net pension liabilities, change in assumptions, and the net difference between projected and actual earnings on pension plan investments. For more detailed information on these items, reference the pension note.

O. Pensions

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

NOTE 2—PROPERTY TAXES RECEIVABLE:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 3—DEPOSITS:

Deposits:

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

Investments:

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The Town had no investments at June 30, 2017.

Restricted Cash

The Town has the following restricted cash at June 30, 2017:

	<u>Governmental Activities General Fund</u>	<u>Business- type Activities Water and Sewer Fund</u>	<u>Total</u>
Restricted:			
Debt Service	\$ 7,035	\$ 296,322	\$ 303,357

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 4—CAPITAL ASSETS:

The following is a summary of changes of governmental activities capital assets for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 908,494	\$ -	\$ -	\$ 908,494
Construction in progress	-	29,160	-	29,160
Total capital assets not being depreciated	\$ 908,494	\$ 29,160	\$ -	\$ 937,654
Capital assets being depreciated:				
Buildings and improvements	\$ 1,123,031	\$ -	\$ -	\$ 1,123,031
Machinery and equipment	544,180	8,166	-	552,346
Infrastructure	1,401,760	-	-	1,401,760
Total capital assets being depreciated	\$ 3,068,971	\$ 8,166	\$ -	\$ 3,077,137
Accumulated depreciation:				
Buildings and improvements	\$ 568,506	\$ 21,526	\$ -	\$ 590,032
Machinery and equipment	492,209	22,155	-	514,364
Infrastructure	915,734	35,044	-	950,778
Total accumulated depreciation	\$ 1,976,449	\$ 78,725	\$ -	\$ 2,055,174
Total capital assets being depreciated, net	\$ 1,092,522	\$ (70,559)	\$ -	\$ 1,021,963
Net capital assets	\$ 2,001,016	\$ (41,399)	\$ -	\$ 1,959,617

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes of business-type activities capital assets for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017
Business-type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 5,284,540	\$ -	\$ -	\$ 5,284,540
Machinery and equipment	2,009,297	-	-	2,009,297
Infrastructure	16,138,995	-	-	16,138,995
Total capital assets being depreciated	\$ 23,432,832	\$ -	\$ -	\$ 23,432,832
Accumulated depreciation:				
Buildings and improvements	\$ 1,317,751	\$ 135,962	\$ -	\$ 1,453,713
Machinery and equipment	1,913,751	17,359	-	1,931,110
Infrastructure	1,723,683	339,787	-	2,063,470
Total accumulated depreciation	\$ 4,955,185	\$ 493,108	\$ -	\$ 5,448,293
Other capital assets, net	\$ 18,477,647	\$ (493,108)	\$ -	\$ 17,984,539
Net capital assets	\$ 18,477,647	\$ (493,108)	\$ -	\$ 17,984,539

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 6,466
Public safety	13,556
Public works	39,608
Recreation	19,095
Total governmental activities	\$ 78,725

Business-type activities:

Water and sewer	\$ 493,108
Total business-type activities	\$ 493,108

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Town for the fiscal year ended June 30, 2017:

	<u>Balance</u> <u>July 1, 2016</u>	<u>Issuances/</u> <u>Increases</u>	<u>Retirements/</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities					
Notes payable	\$ 179,695	\$ -	\$ 34,147	\$ 145,548	\$ 28,422
Compensated absences	<u>22,409</u>	<u>23,241</u>	<u>7,609</u>	<u>38,041</u>	<u>3,804</u>
Total Governmental Activities	<u>\$ 202,104</u>	<u>\$ 23,241</u>	<u>\$ 41,756</u>	<u>\$ 183,589</u>	<u>\$ 32,226</u>
Business-type Activities					
General obligation bonds	\$ 8,645,722	\$ -	\$ 419,572	\$ 8,226,150	\$ 421,443
Note payable	2,331	-	2,331	-	-
Compensated absences	<u>15,263</u>	<u>2,256</u>	<u>6,238</u>	<u>11,281</u>	<u>1,128</u>
Total Business-type Activities	<u>\$ 8,663,316</u>	<u>\$ 2,256</u>	<u>\$ 428,141</u>	<u>\$ 8,237,431</u>	<u>\$ 422,571</u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Notes Payable		General	
	Principal	Interest	Principal	Interest
2018	\$ 28,422	\$ 5,391	\$ 421,443	\$ 99,632
2019	29,600	4,214	423,376	97,700
2020	28,070	3,001	425,373	95,702
2021	24,828	1,954	427,437	93,639
2022	25,852	929	384,569	91,507
2023	8,776	74	386,772	89,304
2024	-	-	389,048	87,028
2025	-	-	391,400	84,676
2026	-	-	393,831	82,245
2027	-	-	396,342	79,733
2028	-	-	398,939	77,137
2029	-	-	401,622	74,454
2030	-	-	404,396	71,680
2031	-	-	191,143	68,814
2032	-	-	194,106	65,850
2033	-	-	197,170	62,787
2034	-	-	200,336	59,620
2035	-	-	203,610	56,347
2036	-	-	206,995	52,962
2037	-	-	210,495	49,462
2038	-	-	208,000	45,844
2039	-	-	118,218	42,102
2040	-	-	122,087	38,233
2041	-	-	126,088	34,232
2042	-	-	130,226	30,094
2043	-	-	134,505	25,815
2044	-	-	138,931	21,389
2045	-	-	143,508	16,812
2046	-	-	148,243	12,077
2047	-	-	137,319	7,187
2048	-	-	98,280	3,685
2049	-	-	72,342	976
Total	\$ 145,548	\$ 15,563	\$ 8,226,150	\$ 1,818,725

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements June 30, 2017 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations at June 30, 2017 are as follows:

Governmental Activities Obligations:

Notes Payable:

Note payable, USDA Rural Development, payable in 60 monthly installments of \$586 through December 2019, interest at 4.125%	\$	17,280
---	----	--------

Note payable, BB&T, payable in monthly installments of \$2,232 through October 2022, interest at 4.050%		128,268
---	--	---------

Total Notes Payable	\$	145,548
---------------------	----	---------

Compensated Absences		38,041
----------------------	--	--------

Total Governmental Activities Obligations	\$	183,589
---	----	---------

Business-type Activities Obligations:

General Obligation Bonds:

\$900,000 Virginia Resources Authority General Obligation Bond issued on December 15, 2000, payable in semi-annual installments of \$22,500 through April 2021, interest at 0.00%	\$	180,000
---	----	---------

\$1,070,000 USDA Rural Development General Obligation Bond issued February 1, 2007, payable in quarterly installments of \$13,975 through February 2047, interest at 4.125%		955,101
---	--	---------

\$47,000 USDA Rural Development General Obligation Water Bond issued dated April 25, 2006, payable in quarterly installments of \$614 through October 2046, interest at 4.125%		41,948
--	--	--------

\$2,989,099 Virginia Resources Authority General Obligation Bond issued September 1, 2008, payable in semi-annual installments of \$49,818 through March 2038, interest at 0.00%		2,086,257
--	--	-----------

\$5,032,725 Virginia Resources Authority General Obligation Bond issued September 1, 2009 payable in semi-annual installments of \$125,818 through March 2030, interest at 0.00%		2,809,552
--	--	-----------

\$2,398,000 USDA Rural Development General Obligation Bonds, issued March 27, 2009, payable in quarterly installments of \$25,491 beginning June 27, 2011 through March 2049, interest at 2.75%		2,153,292
---	--	-----------

Total General Obligation Bonds	\$	8,226,150
--------------------------------	----	-----------

Compensated Absences		11,281
----------------------	--	--------

Total Business-type Activities Obligations	\$	8,237,431
--	----	-----------

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 6—UNEARNED/UNAVAILABLE REVENUE:

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

Unavailable Property Tax Revenue - Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$99,101 at June 30, 2017.

Unearned Revenue Governmental Funds - The Town has received a payment in the amount of \$274,000 for use of a water tower for 40 years. At June 30, 2017 the current portion of unearned revenue is \$6,850 and the long-term portion is \$260,300.

Unearned Revenue Proprietary Funds - The Town has received funds from the state and federal government to aid in funding for the wastewater treatment plant. These amounts total \$199,973 at June 30, 2017.

NOTE 7—DUE TO / FROM OTHER FUNDS:

Interfund receivables and payables at year end are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Water and Sewer	\$ -	\$ 356,551
Rehabilitation	92,989	-
General	356,551	92,989
Total	\$ 449,540	\$ 449,540

NOTE 8—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by a VRS Retirement Plan upon employment. This agent multiple-employer 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.

NOTE 8—PENSION PLAN: (CONTINUED)*Plan Description (Continued)*

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members")</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions elected to phase in the required 5% member contribution but all employees are paying the full 5% as of July 1, 2016.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contributions Component:</u> (Cont.) Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2016 Comprehensive Annual Financial Report (CAFR). A copy of the 2016 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2016-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	8
Inactive members:	
Vested inactive members	3
Non-vested inactive members	3
Inactive members active elsewhere in VRS	<u>5</u>
Total inactive members	11
Active members	<u>15</u>
Total covered employees	<u><u>34</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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Town's contractually required contribution rate for the year ended June 30, 2017 was 5.29% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$31,140 and \$34,429 for the years ended June 30, 2017 and June 30, 2016, respectively.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Net Pension Liability

The Town's net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-LEOS:

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

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

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

Actuarial Assumptions - Public Safety Employees

The total pension liability for Public Safety employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2015, 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, 2016.

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees (Continued)

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

Largest 10 - Non-LEOS:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—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:

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—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. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Town Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2016	\$ 1,413,815	\$ 1,648,028	\$ (234,213)
Changes for the year:			
Service cost	\$ 75,604	\$ -	\$ 75,604
Interest	97,981	-	97,981
Difference between expected and actual experience	(10,015)	-	(10,015)
Contributions - employer	-	33,814	(33,814)
Contributions - employee	-	27,980	(27,980)
Net investment income	-	30,323	(30,323)
Benefit payments, including refunds of employee contributions	(28,177)	(28,177)	-
Administrative expenses	-	(1,001)	1,001
Other changes	-	(13)	13
Net changes	\$ 135,393	\$ 62,926	\$ 72,467
Balances at June 30, 2017	\$ 1,549,208	\$ 1,710,954	\$ (161,746)

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

The following presents the net pension liability of the Town using the discount rate of 7.00%, as well as what the Town'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:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
Town			
Net Pension Liability (Asset)	64,262	(161,746)	(349,867)

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

For the year ended June 30, 2017, the Town recognized pension expense of \$29,439. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 822	\$ 7,536
Difference in proportionate share of net pension liabilities	2,806	2,806
Net difference between projected and actual earnings on pension plan investments	44,543	-
Employer contributions subsequent to the measurement date	31,140	-
Total	\$ 79,311	\$ 10,342

\$31,140 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2018	\$ (677)
2019	(745)
2020	22,114
2021	17,137
Thereafter	-

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2017 (Continued)

NOTE 9—CONTINGENT LIABILITIES:

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

At June 30, 2017, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decision or pending matter not be favorable to the Town.

NOTE 10—SURETY BONDS:

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

NOTE 11—RISK MANAGEMENT:

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

NOTE 12—UPCOMING PRONOUNCEMENTS:

Statement No. 81, Irrevocable Split-Interest Agreements, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively.

Statement No. 83, Certain Asset Retirement Obligations, addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

Statement No. 84, Fiduciary Activities, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

NOTE 12—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 86, Certain Debt Extinguishment Issues, improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

Statement No. 87, Leases, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

Required Supplementary Information

This page intentionally left blank

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 Year Ended June 30, 2017

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 533,755	\$ 533,755	\$ 460,414	\$ (73,341)
Other local taxes	474,000	474,000	328,025	(145,975)
Permits, privilege fees and regulatory licenses	-	-	600	600
Fines and forfeitures	14,000	14,000	15,162	1,162
Revenue from use of money and property	2,000	2,000	8,039	6,039
Charges for services	180,850	180,850	198,943	18,093
Miscellaneous	30,000	30,000	24,205	(5,795)
Intergovernmental:				
Commonwealth	58,300	58,300	223,817	165,517
Federal	-	-	8,640	8,640
Total revenues	<u>\$ 1,292,905</u>	<u>\$ 1,292,905</u>	<u>\$ 1,267,845</u>	<u>\$ (25,060)</u>
Expenditures:				
Current:				
General government administration	\$ 332,685	\$ 332,685	\$ 337,182	\$ (4,497)
Public safety	356,828	363,311	339,992	23,319
Public works	263,857	263,857	220,309	43,548
Parks, recreation and cultural	111,541	111,541	196,607	(85,066)
Nondepartmental	39,662	39,662	11,834	27,828
Debt service:				
Principal retirement	26,762	26,762	34,147	(7,385)
Interest and other fiscal charges	-	-	6,628	(6,628)
Total expenditures	<u>\$ 1,131,335</u>	<u>\$ 1,137,818</u>	<u>\$ 1,146,699</u>	<u>\$ (8,881)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 161,570</u>	<u>\$ 155,087</u>	<u>\$ 121,146</u>	<u>\$ (33,941)</u>
Changes in fund balance	\$ 161,570	\$ 155,087	\$ 121,146	\$ (33,941)
Fund balance at beginning of year	<u>(161,570)</u>	<u>(155,087)</u>	<u>512,256</u>	<u>667,343</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 633,402</u></u>	<u><u>\$ 633,402</u></u>

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Years Ended June 30, 2015 through June 30, 2017

	2016	2015	2014
Total pension liability			
Service cost	\$ 75,604	\$ 73,146	\$ 72,307
Interest	97,981	88,362	79,678
Differences between expected and actual experience	(10,015)	1,712	-
Benefit payments, including refunds of employee contributions	(28,177)	(23,434)	(32,429)
Net change in total pension liability	\$ 135,393	\$ 139,786	\$ 119,556
Total pension liability - beginning	1,413,815	1,274,029	1,154,473
Total pension liability - ending (a)	\$ 1,549,208	\$ 1,413,815	\$ 1,274,029
Plan fiduciary net position			
Contributions - employer	\$ 33,814	\$ 35,147	\$ 32,602
Contributions - employee	27,980	29,093	29,051
Net investment income	30,323	72,129	208,152
Benefit payments, including refunds of employee contributions	(28,177)	(23,434)	(32,429)
Administrative expense	(1,001)	(932)	(1,086)
Other	(13)	(17)	11
Net change in plan fiduciary net position	\$ 62,926	\$ 111,986	\$ 236,301
Plan fiduciary net position - beginning	1,648,028	1,536,042	1,299,741
Plan fiduciary net position - ending (b)	\$ 1,710,954	\$ 1,648,028	\$ 1,536,042
Town's net pension liability (asset) - ending (a) - (b)	\$ (161,746)	\$ (234,213)	\$ (262,013)
Plan fiduciary net position as a percentage of the total pension liability	110.44%	116.57%	120.57%
Covered payroll	\$ 571,914	\$ 593,511	\$ 582,194
Town's net pension liability (asset) as a percentage of covered payroll	-28.28%	-39.46%	-45.00%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Years Ended June 30, 2008 through June 30, 2017

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2017	\$ 31,140	\$ 31,140	\$ -	\$ 575,774	5.41%
2016	34,429	34,429	-	571,914	6.02%
2015	35,729	35,729	-	593,511	6.02%
2014	32,661	32,661	-	582,194	5.61%
2013	32,783	32,783	-	584,360	5.61%
2012	21,448	21,448	-	524,413	4.09%
2011	20,961	20,961	-	512,501	4.09%
2010	14,840	14,840	-	509,977	2.91%
2009	13,968	13,968	-	480,006	2.91%
2008	20,270	20,270	-	453,467	4.47%

Notes to Required Supplementary Information
Year Ended June 30, 2017

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan member for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of new participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2016 is not material.

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

Largest 10 - Non-LEOS:

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

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

All Others (Non 10 Largest) - LEOS:

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

Other Supplementary Information

This page intentionally left blank

Supporting Schedules

This page intentionally left blank

General Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2017

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 312,555	\$ 312,555	\$ 300,499	\$ (12,056)
Public service corporation taxes	16,200	16,200	15,338	(862)
Personal property taxes	185,000	185,000	111,216	(73,784)
Penalties and interest	20,000	20,000	33,361	13,361
Total general property taxes	\$ 533,755	\$ 533,755	\$ 460,414	\$ (73,341)
Other local taxes:				
Local sales and use taxes	\$ 70,000	\$ 70,000	\$ 68,382	\$ (1,618)
Consumers' utility taxes	170,000	170,000	53,160	(116,840)
Business license taxes	42,000	42,000	30,847	(11,153)
Motor vehicle licenses	14,000	14,000	16,079	2,079
Bank franchise tax	38,000	38,000	31,879	(6,121)
Transient occupancy tax	20,000	20,000	12,431	(7,569)
Meals taxes	120,000	120,000	115,247	(4,753)
Total other local taxes	\$ 474,000	\$ 474,000	\$ 328,025	\$ (145,975)
Permits, privilege fees and regulatory licenses:				
Zoning fees	\$ -	\$ -	\$ 600	\$ 600
Fines and Forfeitures:				
Court fines and forfeitures	\$ 14,000	\$ 14,000	\$ 15,162	\$ 1,162
Revenue from use of money and property:				
Revenue from use of money	\$ 1,000	\$ 1,000	\$ 149	\$ (851)
Revenue from use of property	1,000	1,000	7,890	6,890
Total revenue from use of money and property	\$ 2,000	\$ 2,000	\$ 8,039	\$ 6,039
Charges for services:				
Boat dockage and ramp fees	\$ 54,600	\$ 54,600	\$ 52,826	\$ (1,774)
Wharf - fuel sales	46,000	46,000	66,726	20,726
Wharf - general	950	950	2,395	1,445
Wharf - electric	5,000	5,000	4,486	(514)
Trash collections	74,000	74,000	72,050	(1,950)
Grass cutting	300	300	460	160
Total charges for services	\$ 180,850	\$ 180,850	\$ 198,943	\$ 18,093

General Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2017 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 30,000	\$ 30,000	\$ 24,205	\$ (5,795)
Total revenue from local sources	\$ 1,234,605	\$ 1,234,605	\$ 1,035,388	\$ (199,217)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ -	\$ -	\$ 92,944	\$ 92,944
PPTRA	-	-	68,265	68,265
Total noncategorical aid	\$ -	\$ -	\$ 161,209	\$ 161,209
Categorical aid:				
State fire grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Police aid	46,000	46,000	40,970	(5,030)
Litter control grant	800	800	1,031	231
Wharf grants	-	-	9,607	9,607
Virginia commission of the arts	1,500	1,500	1,000	(500)
Total categorical aid	\$ 58,300	\$ 58,300	\$ 62,608	\$ 4,308
Total revenue from the Commonwealth	\$ 58,300	\$ 58,300	\$ 223,817	\$ 165,517
Revenue from the Federal Government:				
Categorical aid:				
Police aid	\$ -	\$ -	\$ 5,539	\$ 5,539
Wharf grant	-	-	3,101	3,101
Total categorical aid	\$ -	\$ -	\$ 8,640	\$ 8,640
Total revenue from the federal government	\$ -	\$ -	\$ 8,640	\$ 8,640
Total General Fund	\$ 1,292,905	\$ 1,292,905	\$ 1,267,845	\$ (25,060)

General Fund

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2017

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Mayor and council	\$ 14,200	\$ 14,200	\$ 14,200	\$ -
Payroll taxes	1,086	1,086	1,086	-
Travel	850	850	318	532
Community promotion	21,600	21,600	8,971	12,629
Town beautification	3,000	3,000	838	2,162
Tourism transient occupancy transfer	-	-	3,505	(3,505)
Total legislative	\$ 40,736	\$ 40,736	\$ 28,918	\$ 11,818
General and financial administration:				
Salaries	\$ 133,315	\$ 133,315	\$ 130,474	\$ 2,841
Overtime	1,000	1,000	696	304
Payroll taxes	8,265	8,265	10,398	(2,133)
Hospitalization	17,460	17,460	17,608	(148)
Retirement	7,052	7,052	7,070	(18)
Life insurance	1,746	1,746	-	1,746
State unemployment	1,386	1,386	2,801	(1,415)
Training	1,000	1,000	515	485
Auditing	17,000	17,000	16,750	250
Office equipment maintenance	7,500	7,500	9,745	(2,245)
Printing auto decals	275	275	268	7
Advertising	3,000	3,000	3,442	(442)
Postage	2,250	2,250	2,792	(542)
Telephone	4,500	4,500	4,684	(184)
Travel	1,000	1,000	1,290	(290)
Dues and memberships	1,250	1,250	1,094	156
Office supplies	6,000	6,000	18,900	(12,900)
Miscellaneous	2,500	2,500	2,107	393
Parades	-	-	10,865	(10,865)
Bank charges	7,000	7,000	6,241	759
Bookkeeping	5,000	5,000	3,484	1,516
Town attorney	7,500	7,500	2,486	5,014
Court fees	250	250	-	250
Consultants	4,000	4,000	-	4,000
Property insurance	25,000	25,000	36,294	(11,294)
Vehicle insurance	7,500	7,500	7,180	320
Surety bonds	200	200	-	200
Public officials and law enforcement liability	2,000	2,000	-	2,000
General liability	2,500	2,500	989	1,511
Workmens compensation	14,000	14,000	10,091	3,909
Flood insurance - wharf	500	500	-	500
Total general and financial administration	\$ 291,949	\$ 291,949	\$ 308,264	\$ (16,315)
Total general government administration	\$ 332,685	\$ 332,685	\$ 337,182	\$ (4,497)

General Fund

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety:				
Law enforcement:				
Salaries for officers	\$ 217,250	\$ 221,190	\$ 217,113	\$ 4,077
Overtime	8,786	8,786	7,936	850
Payroll taxes	13,160	13,160	17,216	(4,056)
Retirement	14,274	14,274	11,228	3,046
Hospitalization	27,936	27,936	24,697	3,239
Life insurance	2,650	2,650	1,011	1,639
State unemployment	2,772	2,772	2,613	159
Training	3,000	3,000	3,633	(633)
Vehicle repairs	4,000	4,000	5,176	(1,176)
Computer maintenance	3,500	3,500	2,342	1,158
Telephone	2,000	2,000	2,521	(521)
Line of duty act insurance	2,500	2,500	2,244	256
Travel	500	500	225	275
Office supplies	1,500	1,500	1,519	(19)
Vehicle fuel	12,000	12,000	7,833	4,167
Uniforms	2,500	2,500	1,755	745
Police supplies	8,000	10,543	8,430	2,113
Total law enforcement	\$ 326,328	\$ 332,811	\$ 317,492	\$ 15,319
Fire and rescue:				
Contributions fire companies	\$ 22,500	\$ 22,500	\$ 22,500	\$ -
Fire programs funding	8,000	8,000	-	8,000
Total fire and rescue	\$ 30,500	\$ 30,500	\$ 22,500	\$ 8,000
Total public safety	\$ 356,828	\$ 363,311	\$ 339,992	\$ 23,319
Public works:				
Street maintenance:				
Salaries	\$ 52,901	\$ 52,901	\$ 47,610	\$ 5,291
Overtime	1,000	1,000	914	86
Payroll taxes	3,280	3,280	3,686	(406)
Retirement	3,719	3,719	2,794	925
Hospitalization	13,968	13,968	14,386	(418)
Life insurance	693	693	264	429
State unemployment	1,109	1,109	1,387	(278)
Vehicle repairs	3,000	3,000	119	2,881
Electricity	30,000	30,000	24,787	5,213
Street repairs	10,000	10,000	2,100	7,900
Small equipment repair	400	400	624	(224)
Safety/street signs	-	-	892	(892)
Uniforms	1,000	1,000	-	1,000
Trash can liners	1,200	1,200	725	475
Total street maintenance	\$ 122,270	\$ 122,270	\$ 100,288	\$ 21,982

General Fund

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public works: (Continued)				
Sanitation and waste:				
Vehicle maintenance	\$ 3,600	\$ 3,600	\$ 1,486	\$ 2,114
Trash collection service	87,816	87,816	89,999	(2,183)
Repairs and maintenance	2,000	2,000	1,873	127
Vehicle fuel	4,000	4,000	2,207	1,793
Total sanitation and waste	\$ 97,416	\$ 97,416	\$ 95,565	\$ 1,851
Mosquito and weed control:				
Salaries	\$ 4,200	\$ 4,200	\$ 3,174	\$ 1,026
Payroll taxes	321	321	-	321
Repairs and maintenance	750	750	-	750
Chemicals	5,000	5,000	-	5,000
Weed control	9,500	9,500	4,150	5,350
Total mosquito and weed control	\$ 19,771	\$ 19,771	\$ 7,324	\$ 12,447
Buildings and grounds:				
Electricity	\$ 5,000	\$ 5,000	\$ 4,230	\$ 770
Heat	5,000	5,000	3,601	1,399
Janitorial supplies	1,000	1,000	2,265	(1,265)
Janitorial services - town hall	2,400	2,400	2,600	(200)
Repairs and maintenance	11,000	11,000	4,436	6,564
Total buildings and grounds	\$ 24,400	\$ 24,400	\$ 17,132	\$ 7,268
Total public works	\$ 263,857	\$ 263,857	\$ 220,309	\$ 43,548
Parks, recreation and cultural:				
Parks and recreation:				
Grass cutting	\$ 6,000	\$ 6,000	\$ 8,920	\$ (2,920)
Electricity	700	700	669	31
Repair and maintenance supplies	1,000	1,000	-	1,000
Small tools	300	300	309	(9)
Plantings	2,500	2,500	998	1,502
Holiday Decorations	8,000	8,000	13,181	(5,181)
Total parks and recreation	\$ 18,500	\$ 18,500	\$ 24,077	\$ (5,577)

General Fund

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2017 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation and cultural: (Continued)				
Wharf and marina:				
Salaries	\$ 34,404	\$ 34,404	\$ 48,265	\$ (13,861)
Overtime	3,000	3,000	3,908	(908)
Payroll taxes	2,133	2,133	4,280	(2,147)
State unemployment	554	554	1,513	(959)
Electric services	7,000	7,000	5,567	1,433
Telephone	2,000	2,000	1,735	265
Janitorial supplies	1,750	2,750	1,920	830
Repair and maintenance supplies	3,000	2,000	4,334	(2,334)
Fuel purchases	35,000	35,000	50,784	(15,784)
Other operating supplies	1,500	1,500	4,533	(3,033)
Capital improvement	-	-	40,880	(40,880)
Advertising	2,000	2,000	2,279	(279)
Total wharf and marina	\$ 92,341	\$ 92,341	\$ 169,998	\$ (77,657)
Christmas lighting:				
Electricity	\$ 200	\$ 200	\$ 151	\$ 49
Repairs and maintenance	500	500	381	119
Total Christmas lighting	\$ 700	\$ 700	\$ 532	\$ 168
Cultural enrichment:				
Contributions to local music ensembles	\$ -	\$ -	\$ 2,000	\$ (2,000)
Total cultural enrichment	\$ -	\$ -	\$ 2,000	\$ (2,000)
Total parks, recreation, and cultural	\$ 111,541	\$ 111,541	\$ 196,607	\$ (85,066)
Debt service:				
Principal retirement	\$ 26,762	\$ 26,762	\$ 34,147	\$ (7,385)
Interest and other fiscal charges	-	-	6,628	(6,628)
Total debt service	\$ 26,762	\$ 26,762	\$ 40,775	\$ (14,013)
Nondepartmental:				
Contingencies	\$ 39,662	\$ 39,662	\$ 11,834	\$ 27,828
Total General Fund	\$ 1,131,335	\$ 1,137,818	\$ 1,146,699	\$ (8,881)

Statistical Information

TOWN OF ONANCOCK, VIRGINIA

Changes in Net Position
Last Nine Fiscal Years

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

Table 1

2014	2015	2016	2017
\$ 360,651	\$ 302,632	\$ 287,787	\$ 361,305
354,843	347,946	353,330	358,015
250,481	283,050	328,012	263,010
198,726	119,280	138,795	177,883
6,456	8,280	8,113	6,390
<u>\$ 1,171,157</u>	<u>\$ 1,061,188</u>	<u>\$ 1,116,037</u>	<u>\$ 1,166,603</u>
<u>\$ 1,162,288</u>	<u>\$ 1,178,520</u>	<u>\$ 1,191,331</u>	<u>\$ 1,139,410</u>
<u>\$ 1,162,288</u>	<u>\$ 1,178,520</u>	<u>\$ 1,191,331</u>	<u>\$ 1,139,410</u>
<u><u>\$ 2,333,445</u></u>	<u><u>\$ 2,239,708</u></u>	<u><u>\$ 2,307,368</u></u>	<u><u>\$ 2,306,013</u></u>
\$ 106,723	\$ 174,923	\$ 184,936	\$ 214,705
84,690	36,607	89,290	58,540
50,410	33,621	89,965	12,708
<u>\$ 241,823</u>	<u>\$ 245,151</u>	<u>\$ 364,191</u>	<u>\$ 285,953</u>
\$ 736,275	\$ 849,830	\$ 872,777	\$ 1,018,085
-	335,790	-	-
<u>\$ 736,275</u>	<u>\$ 1,185,620</u>	<u>\$ 872,777</u>	<u>\$ 1,018,085</u>
<u>\$ 978,098</u>	<u>\$ 1,430,771</u>	<u>\$ 1,236,968</u>	<u>\$ 1,304,038</u>
\$ (929,334)	\$ (816,037)	\$ (751,846)	\$ (880,650)
(426,013)	7,100	(318,554)	(121,325)
<u>\$ (1,355,347)</u>	<u>\$ (808,937)</u>	<u>\$ (1,070,400)</u>	<u>\$ (1,001,975)</u>
\$ 432,462	\$ 423,094	\$ 410,275	\$ 493,419
363,988	428,063	333,215	328,025
29,771	29,631	29,754	8,061
68,265	68,265	163,813	161,209
38,627	20,855	19,246	24,205
<u>\$ 933,113</u>	<u>\$ 969,908</u>	<u>\$ 956,303</u>	<u>\$ 1,014,919</u>
\$ 22	\$ -	\$ -	\$ -
28,101	-	-	-
<u>\$ 28,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 961,236</u>	<u>\$ 969,908</u>	<u>\$ 956,303</u>	<u>\$ 1,014,919</u>
\$ 3,779	\$ 153,871	\$ 204,457	\$ 134,269
(397,890)	7,100	(318,554)	(121,325)
<u>\$ (394,111)</u>	<u>\$ 160,971</u>	<u>\$ (114,097)</u>	<u>\$ 12,944</u>

TOWN OF ONANCOCK, VIRGINIA

Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	2008	2009	2010	2011
Revenues				
General property taxes	\$ 429,238	\$ 438,833	\$ 436,662	\$ 420,633
Other local taxes	337,212	290,218	318,165	329,938
Permits, privilege fees and regulatory licenses	-	-	846	375
Fines and forfeitures	12,288	9,316	16,030	17,885
Revenue from the use of money and property	20,892	20,134	8,560	35,543
Charges for services	102,525	102,211	134,183	124,196
Miscellaneous	17,248	3,980	17,055	61,462
Intergovernmental	55,949	54,172	51,941	96,083
Total Revenues	\$ 975,352	\$ 918,864	\$ 983,442	\$ 1,086,115
Expenditures				
General administration	\$ 270,741	\$ 289,523	\$ 247,674	\$ 391,380
Public safety	244,067	276,495	272,592	294,863
Public works	207,104	204,968	232,926	243,676
Parks recreation and cultural	128,300	125,528	140,282	144,210
Rehabilitation	221	37	-	-
Capital outlays & non-departmental	895,518	61,835	-	-
Debt Service	445,641	72,848	224,709	30,070
Total Expenditures	\$ 2,191,592	\$ 1,031,234	\$ 1,118,183	\$ 1,104,199
Excess (deficiency) of revenues over (under) expenditures	\$ (1,216,240)	\$ (112,370)	\$ (134,741)	\$ (18,084)
Other Financing Sources (Uses)				
Issuance of notes payable	\$ -	\$ -	\$ -	\$ -
Sale of capital assets	-	-	184,625	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 184,625	\$ -
Net Change in Fund Balance	\$ (1,216,240)	\$ (112,370)	\$ 49,884	\$ (18,084)
Debt Service as a Percentage of Expenditures	34.38%	7.51%	20.10%	2.72%

Table 2

2012	2013	2014	2015	2016	2017
\$ 373,304	\$ 428,929	\$ 436,142	\$ 440,035	\$ 418,148	\$ 460,414
338,161	411,346	363,988	428,063	333,215	328,025
525	-	-	-	400	600
16,238	10,978	18,410	18,946	15,975	15,162
31,159	34,026	29,771	29,631	29,754	8,061
118,929	110,560	88,313	155,977	168,561	198,943
15,597	9,099	38,627	20,855	19,246	24,205
356,998	333,784	203,365	138,493	343,068	232,457
<u>\$ 1,250,911</u>	<u>\$ 1,338,722</u>	<u>\$ 1,178,616</u>	<u>\$ 1,232,000</u>	<u>\$ 1,328,367</u>	<u>\$ 1,267,867</u>
\$ 501,532	\$ 304,633	\$ 346,266	\$ 299,455	\$ 260,829	\$ 337,182
301,123	325,275	343,672	378,356	341,395	339,992
258,528	265,837	269,500	271,733	292,436	220,309
132,101	284,164	190,625	167,883	203,527	196,607
-	-	-	-	-	-
149,797	-	11,866	344	28,599	11,834
30,070	32,301	27,838	32,998	37,101	40,775
<u>\$ 1,373,151</u>	<u>\$ 1,212,210</u>	<u>\$ 1,189,767</u>	<u>\$ 1,150,769</u>	<u>\$ 1,163,887</u>	<u>\$ 1,146,699</u>
<u>\$ (122,240)</u>	<u>\$ 126,512</u>	<u>\$ (11,151)</u>	<u>\$ 81,231</u>	<u>\$ 164,480</u>	<u>\$ 121,168</u>
\$ -	\$ -	\$ -	\$ 32,000	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u><u>\$ (122,240)</u></u>	<u><u>\$ 126,512</u></u>	<u><u>\$ (11,151)</u></u>	<u><u>\$ 113,231</u></u>	<u><u>\$ 164,480</u></u>	<u><u>\$ 121,168</u></u>
2.46%	2.66%	2.34%	2.87%	3.19%	3.56%

TOWN OF ONANCOCK, VIRGINIA

Schedule of Legal Debt Margin
Last Nine Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed value of real estate subject to taxation	\$ <u>130,685,900</u>	\$ <u>131,958,400</u>	\$ <u>132,441,000</u>	\$ <u>132,954,000</u>
Legal Debt Limit				
10% of Assessed Value of Taxable Real Estate:	\$ 13,068,590	\$ 13,195,840	\$ 13,244,100	\$ 13,295,400
Deduct:				
Bonds Payable	<u>7,687,931</u>	<u>11,382,417</u>	<u>10,856,810</u>	<u>10,331,258</u>
Legal Margin for Creation of Additional Debt	\$ <u>5,380,659</u>	\$ <u>1,813,423</u>	\$ <u>2,387,290</u>	\$ <u>2,964,142</u>

Table 3

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ <u>118,891,900</u>	\$ <u>118,862,000</u>	\$ <u>117,363,100</u>	<u>117,738,100</u>	\$ <u>115,819,000</u>
\$ 11,889,190	\$ 11,886,200	\$ 11,736,310	11,773,810	\$ 11,581,900
<u>10,101,659</u>	<u>9,668,641</u>	<u>9,223,390</u>	<u>8,645,722</u>	<u>8,226,150</u>
\$ <u>1,787,531</u>	\$ <u>2,217,559</u>	\$ <u>2,512,920</u>	<u>3,128,088</u>	\$ <u>3,355,750</u>

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year		Total Tax Levy (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2008	\$	423,105	412,896	97.59%
2009		434,441	410,003	94.37%
2010		437,232	436,662	99.87%
2011		444,068	420,633	94.72%
2012		473,369	441,569	93.28%
2013		473,286	498,762	105.38%
2014		484,286	488,427	100.86%
2015		482,140	488,180	101.25%
2016		489,609	471,763	96.36%
2017		498,602	495,318	99.34%

(1) Exclusive of penalties and interest.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year		Real Estate (1)	Personal Property	Public Service (2)	Total
2008	\$	72,081,100	9,024,586	7,209,292	\$ 88,314,978
2009		130,685,900	8,281,501	7,209,292	146,176,693
2010		131,958,400	8,384,472	7,324,763	147,667,635
2011		132,441,000	8,451,962	7,036,928	147,929,890
2012		132,954,000	8,504,206	6,753,652	148,211,858
2013		118,891,900	8,293,639	6,195,454	133,380,993
2014		118,862,000	8,964,622	5,705,176	133,531,798
2015		117,363,100	9,350,884	5,236,800	131,950,784
2016		117,738,100	9,547,476	5,120,424	132,406,000
2017		115,819,000	9,781,675	5,395,276	130,995,951

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

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

This page intentionally left blank

Compliance

This page intentionally left blank

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Onancock, Virginia as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Town of Onancock, Virginia's basic financial statements, and have issued our report dated January 30, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia

January 30, 2018