



The Town of Vinton, Virginia

Annual Comprehensive Financial Report



For Fiscal Year Ended June 30, 2021

TOWN OF VINTON, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

Prepared by the Town of Vinton
Finance Department/Treasurer's Office

TOWN OF VINTON, VIRGINIA

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FINANCIAL SECTION



Town of Vinton

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November 30, 2021

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

We are pleased to present the Town of Vinton, Virginia (the Town) Annual Comprehensive Financial Report (Annual Report) for the fiscal year ended June 30, 2021 in accordance with Section 15.1-167 of the 1950 *Code of Virginia*, (1950 as amended). The *Code* requires that the Town issues an annual report on its financial accounts and records. In addition, the report must be audited. The report was prepared by the Treasurer's Office and audited independently by the accounting firm Brown Edwards & Company, L.L.P.

The Town is required to undergo an annual single audit in conformity with provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule of Expenditures of Federal Awards and the independent auditors' reports on internal controls and compliance with applicable laws and regulations are included in the Compliance section of this report.

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

The Reporting Entity and Services Provided

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

The Town of Vinton provides a full range of municipal services. These services include police protection, refuse and recycling functions, general public improvements, street and right-of-way maintenance, recreational and cultural activities, and planning and zoning. The Town also provides potable water distribution, wastewater collection, maintenance and service of line, meters, and other components related to its utility system. Based on the latest Water Quality Report, the water system meets all state and federal requirements administered by the Office of Drinking Water under the Virginia Department of Health. According to the 2020 Water Quality Report, the Town had no water quality violations. The Virginia Department of Environmental Quality reported statewide recycling rates for calendar year 2019. The Town of Vinton's rate was 59.4% which was among the higher rates of localities less than 100,000 population voluntarily reporting.

Local Economic Condition and Outlook

The Town of Vinton is located in the southern end of the Shenandoah Valley, in the southwestern region of Virginia. Vinton is a part of the Roanoke Metropolitan Statistical Area, which includes the Cities of Roanoke and Salem and Counties of Roanoke, Botetourt, and Craig. The Town is a compact, urban area of 3.2 square miles located within eastern Roanoke County and shares a common border with the City of Roanoke. It is approximately 170 miles west of Richmond, Virginia, the State capital. The Town is a major gateway to the recreational attractions of Smith Mountain Lake and the Blue Ridge Parkway. Approximately 78.8% of the total land within the Town is developed; 50.6% for residential use, 13.8% for commercial or industrial development (within the Town industrial park and at various other locations) and 14.4% for public facility development.

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

Since the Town of Vinton is highly concerned with providing a positive atmosphere and quality of life for its citizens, it has taken an active role in various regional authorities and activities. The Town participates in economic development by being a member of the Roanoke Regional Partnership and working closely with Roanoke County on development opportunities and promoting a shared industrial park. The Town also partners with community groups to hold two major festivals and several smaller community events throughout the year. In 2019-2020, the Town also partnered with the Vinton Area Chamber of Commerce for economic development and business retention, recruitment and promotion.

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

Vinton has maintained stable property tax rates over the years, while continuing to provide high quality municipal services and responsive government. The combined real estate and personal property tax collections for fiscal year 2021 generate approximately \$777,000 or 8.76% of total revenue in the general fund.

The Town maintains a diversified revenue stream with the top local revenues being Sales Tax, Meals Tax, Business License, Communications Sales & Use Tax, and Pari-mutuel Tax. There have been no tax rate changes in these categories in fiscal year 2021.

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

Long-Term Financial Planning

Council members and staff worked together to develop strategies to achieve the three goals in the Strategic Plan for the future of the Town of Vinton, which strategies will be reevaluated during future Council Retreats. Town staff will also work with Council to review the strategies to be addressed in upcoming budgets.

Long-Term Financial Planning (Continued)

- Aggressively pursue economic development opportunities to enhance local retail and dining options
- Encourage home ownership, housing rehabilitation, and the creation of new, high-quality, and affordable housing stock
- Continue to make Vinton a safe and secure community through community policing and engaging residents
- Continue to enhance the condition and appearance of the Town's public infrastructure and amenities
- Maintain a structurally balanced budget with regular, recurring revenues that are sufficient to sustain service levels and maintain public facilities
- Utilize available technology within municipal offices to improve efficient service delivery
- Conduct thorough organizational efficiency reviews in municipal offices and implement changes based on results

Major Initiatives

The Town continues to focus revitalization efforts to facilitate housing rehabilitation, improve the community's walkability, enhance our transportation corridors and encourage the redevelopment of targeted underutilized commercial properties.

Housing: The Town continues to seek opportunities for Community Development Block Grant (CBDG) submittals to the Department of Housing and Community Development (DHCD) to implement Comprehensive Neighborhood Housing and Community Infrastructure Rehabilitation Programs within historical neighborhoods with predominantly aging housing stock. If awarded one of these DHCD grants, a primary goal will also include these funds being utilized as a match for a pending Hazard Mitigation Grant Program (HMGP) application that involves the acquisition and removal of flood-prone properties in the Cleveland neighborhood.

Transportation: The Town continues to partner with the Greater Roanoke Transportation Corporation (GRTC) to maintain and enhance public transit routes within the Town to key commercial, public services and residential activity centers, such as Lake Drive Plaza, Washington Avenue and South Pollard Street. In addition, the Town has been awarded over \$3M in transportation related grants from the Virginia Department of Transportation (VDOT) to enhance walkability by adding signalized pedestrian crosswalks at the key intersections of South Pollard Street and Washington Avenue and Hardy and Vinyard Roads; and by also the continued development our sidewalk and greenway connectivity with the Glade Creek Greenway Phase II and developing bike/ped accommodations along Walnut Avenue. The Town of Vinton has received confirmation of VDOT SMART SCALE funding for Phase III of the Walnut Avenue Corridor Improvements Project in the amount of \$7.4 million which will complete the final gap of improving the entire Walnut Avenue corridor with bicycle and pedestrian accommodations from West Lee Avenue to the western town limits.

Commercial: The Town has received over \$90,000 from the Virginia Brownfields Restoration and Economic Redevelopment Assistance Fund (VABF) and the Department of Environmental Equality (DEQ) to conduct a Phase I and Phase II Environmental Study at Gish Mill and the South Pollard West Gateway. In addition, the Town was awarded a \$300,000 Community-wide Brownfields Assessment Grant from the Environmental Protection Agency (EPA), and has already begun with assessment of the environmental conditions at other "brownfield" sites throughout the community for future targeted redevelopment.

Major Initiatives (Continued)

In partnership with Roanoke County, Vinton has realized immense success with this “redevelopment” strategy. The recent conversion of the former Roland E. Cook School and former William Byrd High School as apartments, the redevelopment of the former Vinton Library as a full service Macado’s Restaurant, the redevelopment of the former Vinton Motors Dealership as Vinyard Station, the restoration of an ice-rink and renovation of the fitness center at the Lancerlot Sports Complex, the return of Off-Track Horse Wagering as Rosie’s Gaming Emporium, and the rehabilitation of the Gish Mill Property into a mixed-use commercial property that will feature a restaurant, seasonal market and an Air-B&B type hospitality

Accounting System and Budgetary Controls

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

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

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

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

Cash Management

The Town uses a pooled cash concept to allow greater investment flexibility and consequently a better return on investments. Cash from all funds is pooled for investment purposes in the Commonwealth of Virginia’s Local Government Investment Pool, Virginia Municipal League VIP Funds, Money Market Accounts, Checking Account and Certificates of Deposit. The Town’s checking account is an interest-bearing public fund demand deposit account.

Risk Management

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

Independent Audit

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

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

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the Town for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The Certificate of Achievement is a national award that recognizes conformance with the highest standards for preparation of government financial reports.

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

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

Acknowledgements

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

Respectfully submitted,



Richard W. Peters, Jr.
Town Manager



Anne W. Cantrell
Treasurer/Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Vinton
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

TOWN OF VINTON, VIRGINIA
DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2021

TOWN COUNCIL

Bradley E. Grose, Mayor
Sabrina McCarty, Vice Mayor
Keith N. Liles
Laurie Mullins
Michael W. Stovall

APPOINTED OFFICIALS

Richard Peters..... Town Manager
Anne W. Cantrell..... Finance Director/Treasurer
Susan Johnson Town Clerk
Fabricio Drumond Chief of Police

INDEPENDENT AUDITORS

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

Organizational Chart

1



*Town Manager, Town Attorney, Town Clerk, Chief of Police and Treasurer are positions within the department appointed by Town Council.

INTRODUCTORY SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vinton, Virginia (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on the Financial Statements (Continued)

Report on Summarized Comparative Information

We have previously audited the Town's 2020 financial statements, and in our report dated November 3, 2020, we expressed unmodified opinions on those financial statements. The 2020 financial information is provided for comparative purposes only. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Vinton, Virginia (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through vi of this report.

Financial Highlights

- The total assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$19,589,116 (net position). Of this amount, \$6,464,822 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$3,240,857. This increase is largely due to total expenses of \$11,945,580 being less than total revenues of \$15,186,437. Another factor includes an increase of \$10,393,889 (108.03%) in current and other assets. The increase in assets is mostly due to an increase in cash from operations, bond proceeds, and American Rescue Plan Act (ARPA) funding. Capital asset values increased after many years of decreases by a total of \$849,486 with the final result being an increase of 39.87% in total assets.

In conjunction with increased assets, the Town's short-term liabilities also increased by \$4,632,079 (223.03%), due to unearned revenue of \$4,232,682 mostly from ARPA funding. Other long-term liabilities increased by \$3,411,663 (34.95%) which was mostly due to a 2021 General Obligation bond series issuance during the fiscal year.

Deferred Outflows increased \$187,391 (16.89%) and Deferred Inflows increased \$146,167 (13.01%) primarily due to the net difference between projected and actual earnings on plan investments.

The final result of all these effects is a 19.82% increase in net position.

- As of the close of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$5,923,113 an increase of \$1,092,823 in comparison with the prior year. This is mostly due to an increase in the committed fund balance of \$938,924 which is primarily for capital projects.
 - The general fund accounted for \$4,556,918 of the ending fund balance in the governmental funds, with an unassigned fund balance of \$3,465,134. Approximately 76.04% of the ending general fund balance is available for spending at the Town's discretion (unassigned fund balance), and represents 55.23% of the general fund's expenditures, excluding transfers to other funds.
 - In Fiscal Year (FY) 2020, the Town re-opened the capital project fund, included in the governmental funds, which had remained closed since FY2012. The Capital Fund had a beginning committed fund balance of \$397,271 which was set aside for a Town match requirement on a grant application submitted to the Virginia Department of Transportation (VDOT). As of FY2021, the Capital Fund had an ending committed fund balance of \$1,366,195. This is primarily due to unfinished projects during the fiscal year, and is anticipated to be used in the following year to complete budgeted capital projects.

Overview of the Financial Statements

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

Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued)

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, the net position was \$19,589,116 at the close of the most recent fiscal year.

By far the largest portion of the Town’s net position (64.92%) reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment less any related debt used to acquire those assets that are still outstanding). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town’s net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	The Town’s Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 11,732,374	\$ 6,336,885	\$ 8,282,909	\$ 3,284,509	\$ 20,015,283	\$ 9,621,394
Capital assets	9,749,029	8,854,637	9,681,210	9,726,116	19,430,239	18,580,753
Total assets	<u>21,481,403</u>	<u>15,191,522</u>	<u>17,964,119</u>	<u>13,010,625</u>	<u>39,445,522</u>	<u>28,202,147</u>
Deferred outflows of resources	924,570	785,382	372,440	324,237	1,297,010	1,109,619
Current and other liabilities	5,163,478	1,006,372	1,545,529	1,070,556	6,709,007	2,076,928
Long-term liabilities	4,205,527	4,360,578	8,969,032	5,402,318	13,174,559	9,762,896
Total liabilities	<u>9,369,005</u>	<u>5,336,950</u>	<u>10,514,561</u>	<u>6,472,874</u>	<u>19,883,566</u>	<u>11,839,824</u>
Deferred inflows of resources	1,172,023	1,051,254	97,827	72,429	1,269,850	1,123,683
Net position						
Net investment in capital assets	7,899,269	6,634,748	4,818,286	4,424,574	12,717,555	11,059,322
Restricted	406,739	74,711	-	-	406,739	74,711
Unrestricted	3,558,937	2,849,241	2,905,885	2,364,985	6,464,822	5,214,226
Total net position	<u>\$ 11,864,945</u>	<u>\$ 9,558,700</u>	<u>\$ 7,724,171</u>	<u>\$ 6,789,559</u>	<u>\$ 19,589,116</u>	<u>\$ 16,348,259</u>

Unrestricted net position of \$6,464,822 may be used to meet the Town’s ongoing obligations to citizens and creditors.

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

Government-Wide Financial Analysis (Continued)

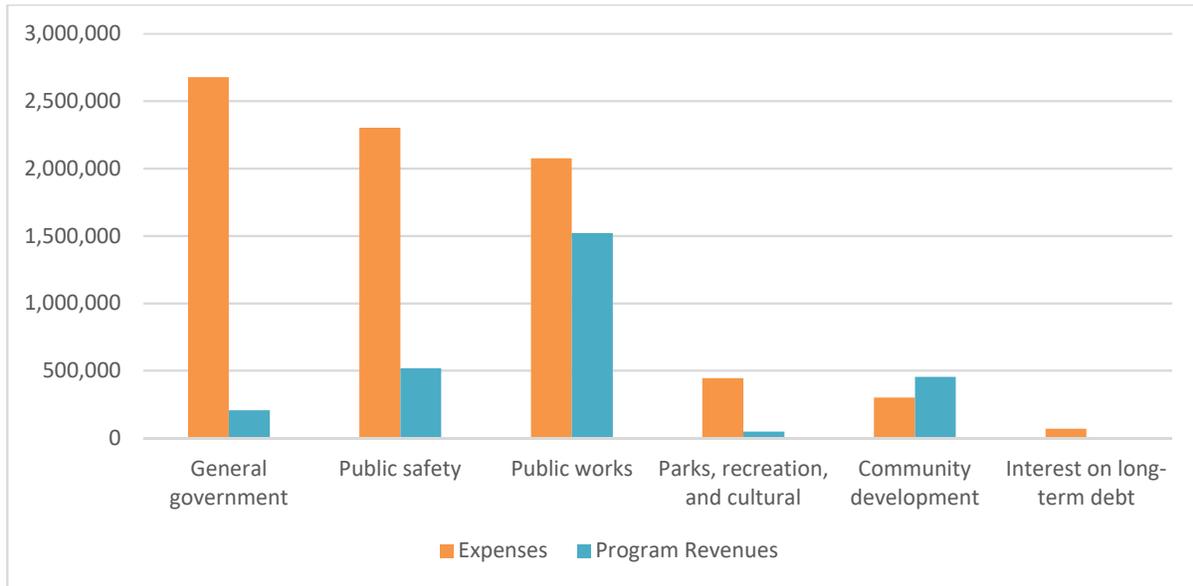
Governmental activities – Governmental activities increased the Town’s net position by \$2,306,245. For the most part, revenues closely paralleled inflation and conditions represented in the economy and growth in the demand for services. Revenues from operating grants and contributions, capital grants and contributions, and various taxes showed an increase over the prior year. Investment earnings also showed an increase because of the Town’s investments and bond proceeds being invested in higher yields.

The Town’s Changes in Net Position

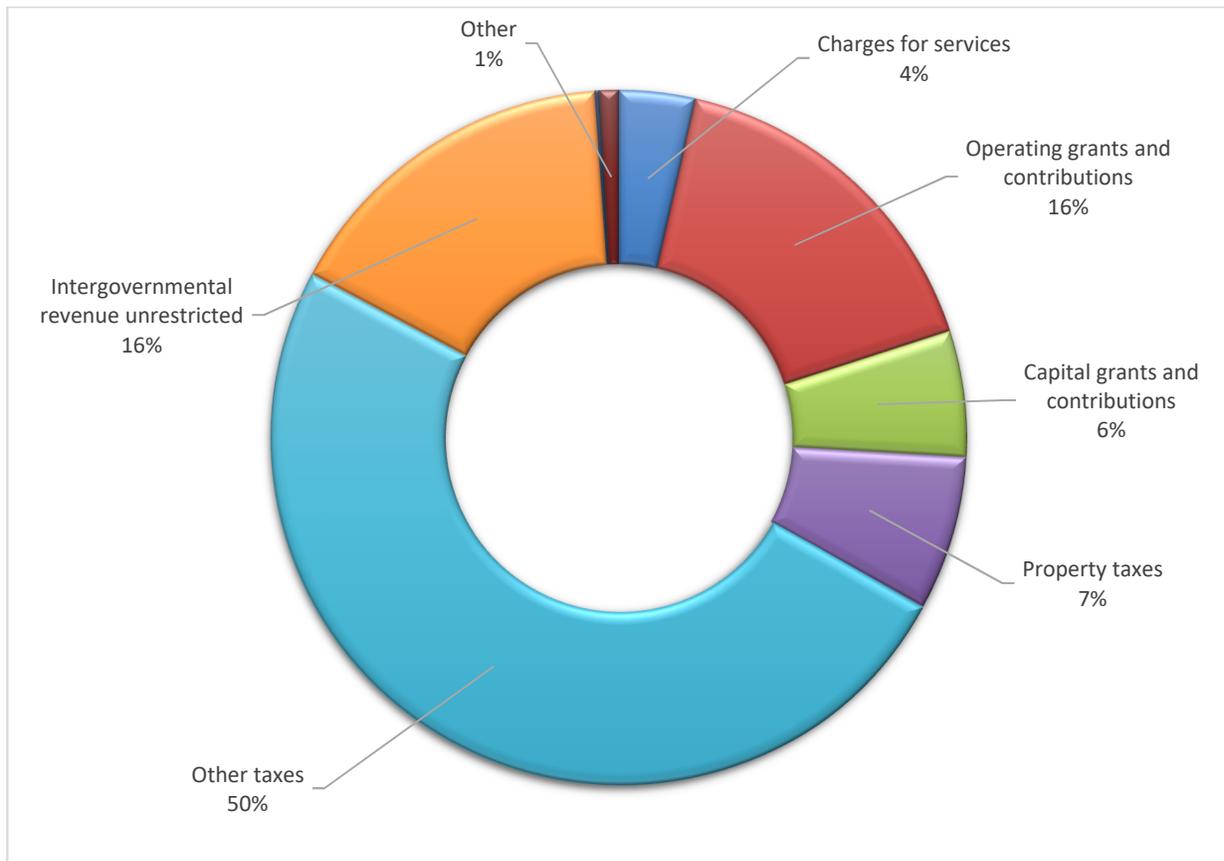
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 376,337	\$ 420,047	\$ 3,782,766	\$ 3,423,342	\$ 4,159,103	\$ 3,843,389
Operating grants and contributions	1,742,419	1,966,475	-	-	1,742,419	1,966,475
Capital grants and contributions	624,924	309,973	364,920	-	989,844	309,973
General revenues						
Property taxes	759,771	749,564	-	-	759,771	749,564
Other taxes	5,265,254	4,833,542	-	-	5,265,254	4,833,542
Intergovernmental revenue	1,702,176	518,418	-	-	1,702,176	518,418
Investment earnings	21,792	42,409	5,112	8,271	26,904	50,680
Other	94,426	37,669	446,540	371,278	540,966	408,947
Total revenues	10,587,099	8,878,097	4,599,338	3,802,891	15,186,437	12,680,988
Expenses						
General government	2,679,302	1,391,690	-	-	2,679,302	1,391,690
Public safety	2,303,536	2,941,870	-	-	2,303,536	2,941,870
Public works	2,077,098	1,748,237	-	-	2,077,098	1,748,237
Parks, recreation, and cultural	444,103	477,604	-	-	444,103	477,604
Community development	298,949	679,173	-	-	298,949	679,173
Interest on long-term debt	68,126	76,732	-	-	68,126	76,732
Water and sewer	-	-	3,674,669	3,488,665	3,674,669	3,488,665
Stormwater management	-	-	399,797	364,142	399,797	364,142
Total expenses	7,871,114	7,315,306	4,074,466	3,852,807	11,945,580	11,168,113
Excess (Deficit) of Revenues over expenditures	2,715,985	1,562,791	524,872	(49,916)	3,240,857	1,512,875
Other Financing Sources (Uses)						
Transfers in (out)	(409,740)	(181,628)	409,740	181,628	-	-
Total Other Financing Sources (Uses)	(409,740)	(181,628)	409,740	181,628	-	-
Change in net position	2,306,245	1,381,163	934,612	131,712	3,240,857	1,512,875
Net position – July 1	9,558,700	8,177,537	6,789,559	6,657,847	16,348,259	14,835,384
Net position – June 30	\$ 11,864,945	\$ 9,558,700	\$ 7,724,171	\$ 6,789,559	\$ 19,589,116	\$ 16,348,259

Government-Wide Financial Analysis (Continued)

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Government-Wide Financial Analysis (Continued)

Business-type activities – Business-type activities increased the Town’s net position by \$934,612. This is primarily due to revenues outperforming expenses, partially caused by a delay of planned debt issuance until revenue performance during the pandemic was more understood. The Town Council had previously adopted a multi-year rate increase with an effective date of July 1 for 2021, 2022, and 2023, with an increase in the service charge of 8.0% and an increase in the volumetric rate of 6.0%.

Financial Analysis of the Government’s Funds

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

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

As of the end of the current fiscal year, the Town’s governmental funds reported an ending fund balance of \$5,923,113, an increase of \$1,092,823 in comparison with the prior year. This is due to an increase in committed fund balance caused by project delays in the capital projects fund, and an increase in restricted fund balance due to asset forfeiture and other legally restricted revenues.

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

Unrestricted net position of the Water and Sewer Department at the end of the year amounted to \$2,748,296. Unrestricted net position of the Stormwater Management Department at the end of the year amounted to \$157,589. Factors concerning the finances of this fund have already been addressed in the discussion of the Town’s business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for revenues were \$235,523 primarily due increases in other local taxes based on mid-year projections above original budgeted amounts.

Differences between the original budget and the final amended budget for expenditures were \$201,633 primarily due to public safety expenditures being transferred to the grant fund for reimbursement from the CARES Act funding.

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

- There was a positive variance in real property taxes, and 110.60% of the budgeted amount was collected. The real property tax rate did not change from \$0.07 per \$100 of assessed value. The increase was primarily due to an increase in the assessment values and due to some residents paying for the full-year of real estate taxes at the first installment.
- There was a positive variance of other local taxes of \$806,855 or 118.20% of the budgeted amount was collected. This was primarily due to revenues not being as negatively impacted by the pandemic as originally planned. Several key economic revenues outperformed expectations such as Meals Tax, Sales Tax, Business License Tax, and Pari-mutuel Tax.
- The Town experienced a negative variance in the Charges for Services category of \$65,892 or 51.29% of the budgeted amount was collected. This is primarily due to rentals postponed at the Town’s facilities due to pandemic limitations on events.

General Fund Budgetary Highlights (Continued)

- All expenditures by budget functions have favorable variances, except capital projects. This is because the Town includes the budget for small capital projects in the department total instead of budgeting separately for small capital.

Capital Asset and Debt Administration

Capital assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, infrastructure, machinery, and equipment. The total increase in the Town’s investment in capital assets for the current fiscal year was 4.57% (a 10.10% increase for governmental activities and a 0.46% decrease for business-type activities). Additional information on the Town’s capital assets can be found in Note 5 of this report.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,823,532	\$ 1,832,033	\$ 80,752	\$ 80,752	\$ 1,904,284	\$ 1,912,785
Buildings and systems	4,470,655	4,399,609	6,779,226	6,667,975	11,249,881	11,067,584
Infrastructure	2,128,427	1,662,811	-	-	2,128,427	1,662,811
Improvements other than buildings	-	-	1,777,725	1,997,428	1,777,725	1,997,428
Machinery and equipment	1,032,258	599,485	880,558	979,961	1,912,816	1,579,446
Construction in progress	294,157	360,699	162,949	-	457,106	360,699
Total	\$ 9,749,029	\$ 8,854,637	\$ 9,681,210	\$ 9,726,116	\$ 19,430,239	\$ 18,580,753

Long-term debt – At the end of the current fiscal year, the Town had total debt outstanding of \$11,250,356, minus compensated absences. Of this amount, \$8,849,714 comprises debt backed by the full faith and credit of the government, \$1,338,000 is related to revenue bond obligations, \$390,477 is related to intergovernmental obligations, and \$672,165 is related to capital leases.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 1,670,595	\$ 1,985,234	\$ 7,179,119	\$ 3,095,449	\$ 8,849,714	\$ 5,080,683
Revenue bonds	-	-	1,338,000	1,513,000	1,338,000	1,513,000
Other obligations	11,200	75,352	379,277	221,589	390,477	296,941
Capital leases	239,046	296,746	433,119	558,344	672,165	855,090
	\$ 1,920,841	\$ 2,357,332	\$ 9,329,515	\$ 5,388,382	\$ 11,250,356	\$ 7,745,714

The Town’s total debt increased by \$3,493,442, or 45.10%, during the fiscal year. This increase is primarily due to the 2021 Series General Obligation Bond issued during the fiscal year to re-finance existing debt and to issue new debt for utility projects.

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

Economic Factors and Next Year's Budgets and Rates

During the current year, the Town experienced a growth in local revenue despite several continued health measures expected to negatively impact revenue performance during the pandemic such as business closures and limited capacity. Several key revenue areas continued to increase during the year, especially as restrictions lifted, and pari-mutuel tax (off-track betting revenue) has quickly become a top revenue source in the General Fund. The Town has previously had limited funding for capital items due to low or negative revenue growth from the previous decade (2010-2019), and has used this new revenue source to improve and replace capital items vital to the Town's services.

- The unemployment rate for Roanoke County (no statistics are available for the Town individually) as of June 30, 2021 is 3.60%, which is a sharp decrease from last year's rate of 8.10%. This is actually a better performance when compared to the state's average unemployment rate as of June 30, 2021 of 4.30% and to the national average rate of 5.90%.
- The occupancy rate of the Town's central business district has remained at 90% for the past five years.
- Inflationary trends in the region compare favorably to national indices.
- No real property tax increase for calendar year 2021, but an overall increase in reassessment for real estate values slightly increased the tax levy.

During the current fiscal year, the unassigned fund balance in the general fund decreased by \$203,840. The general fund remains strong with an ending unassigned fund balance of \$3,465,134. It is intended that this available fund balance will be used for future one-time needs of the Town and as working capital during the months of low cash collection volume.

Requests for Information

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

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**BASIC
FINANCIAL STATEMENTS**

TOWN OF VINTON, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business-Type Activities	Totals	
			2021	(For Comparison Only) 2020
ASSETS				
Cash and cash equivalents (Note 2)	\$ 10,062,515	\$ 3,015,958	\$ 13,078,473	\$ 6,905,268
Receivables, net (Note 3)	534,462	776,417	1,310,879	1,179,587
Due from other governmental units (Note 4)	554,685	-	554,685	745,054
Inventories	70	70,315	70,385	64,097
Land held for resale	495,239	-	495,239	487,378
Prepays	20,201	1,874	22,075	123,229
Loans receivable	37,168	-	37,168	44,022
Cash and cash equivalents, restricted (Note 2)	28,034	4,418,345	4,446,379	72,759
Capital assets: (Note 5)				
Nondepreciable	2,117,689	243,701	2,361,390	2,273,484
Depreciable, net	7,631,340	9,437,509	17,068,849	16,307,269
Total assets	21,481,403	17,964,119	39,445,522	28,202,147
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	59,881	93,597	153,478	163,737
Deferred outflows related to pensions (Notes 8 & 11)	796,189	271,231	1,067,420	859,008
Deferred outflows related to other postemployment benefits (Notes 9, 10, & 11)	68,500	7,612	76,112	86,874
Total deferred outflows of resources	924,570	372,440	1,297,010	1,109,619
LIABILITIES				
Accounts payable and accrued liabilities	225,139	256,279	481,418	478,621
Accrued payroll and related liabilities	186,226	65,354	251,580	233,192
Accrued interest payable	8,922	41,799	50,721	53,179
Customer security deposits	-	45,200	45,200	46,500
Unearned revenue	4,232,682	-	4,232,682	11,345
Long-term liabilities due within one year (Note 6)	512,841	1,136,897	1,649,738	1,254,091
Noncurrent liabilities due in more than one year:				
Net pension liability (Notes 8 & 11)	1,990,855	678,210	2,669,065	2,248,076
Net other post employment benefit liability (Notes 9, 10 & 11)	513,437	58,624	572,061	604,506
Long-term liabilities due in more than one year (Note 6)	1,698,903	8,232,198	9,931,101	6,910,314
Total liabilities	9,369,005	10,514,561	19,883,566	11,839,824
DEFERRED INFLOWS OF RESOURCES				
Property taxes	737,493	-	737,493	690,728
Deferred inflows related to pensions (Notes 8 & 11)	215,839	73,528	289,367	185,513
Deferred inflow related to other postemployment benefits (Notes 9, 10, & 11)	218,691	24,299	242,990	247,442
Total deferred inflows of resources	1,172,023	97,827	1,269,850	1,123,683
NET POSITION				
Net investment in capital assets	7,899,269	4,818,286	12,717,555	11,059,322
Restricted for:				
Public safety	406,739	-	406,739	74,711
Unrestricted	3,558,937	2,905,885	6,464,822	5,214,226
Total net position	\$ 11,864,945	\$ 7,724,171	\$ 19,589,116	\$ 16,348,259

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2021	(For Comparison Only) 2020
Governmental activities								
General government administration	\$ 2,679,302	\$ 124,678	\$ 72,189	\$ 7,650	\$ (2,474,785)		\$ (2,474,785)	\$ (1,221,387)
Public safety	2,303,536	73,441	406,531	38,509	(1,785,055)		(1,785,055)	(2,217,229)
Public works	2,077,098	125,833	1,263,699	131,260	(556,306)		(556,306)	(222,484)
Parks, recreation, and cultural	444,103	46,896	-	-	(397,207)		(397,207)	(379,696)
Community development	298,949	5,489	-	447,505	154,045		154,045	(501,283)
Interest on long-term debt	68,126	-	-	-	(68,126)		(68,126)	(76,732)
Total governmental activities	<u>7,871,114</u>	<u>376,337</u>	<u>1,742,419</u>	<u>624,924</u>	<u>(5,127,434)</u>		<u>(5,127,434)</u>	<u>(4,618,811)</u>
Business-type activities								
Water and sewer	3,674,669	3,782,766	-	364,920	-	\$ 473,017	473,017	(65,323)
Stormwater management	399,797	-	-	-	-	(399,797)	(399,797)	(364,142)
Total business-type activities	<u>4,074,466</u>	<u>3,782,766</u>	<u>-</u>	<u>364,920</u>	<u>-</u>	<u>73,220</u>	<u>73,220</u>	<u>(429,465)</u>
Total	<u>\$ 11,945,580</u>	<u>\$ 4,159,103</u>	<u>\$ 1,742,419</u>	<u>\$ 989,844</u>	<u>(5,127,434)</u>	<u>73,220</u>	<u>(5,054,214)</u>	<u>(5,048,276)</u>
General revenues								
					759,771	-	759,771	749,564
					1,236,214	-	1,236,214	1,153,748
					1,417,813	-	1,417,813	1,289,457
					689,181	-	689,181	718,109
					643,785	-	643,785	462,607
					672,841	-	672,841	638,888
					226,925	-	226,925	182,081
					145,993	-	145,993	175,687
					187,918	-	187,918	184,717
					44,584	-	44,584	28,248
					1,702,176	-	1,702,176	518,418
					21,792	4,355	26,147	50,677
					-	757	757	3
					94,426	446,540	540,966	408,947
					(409,740)	409,740	-	-
					<u>7,433,679</u>	<u>861,392</u>	<u>8,295,071</u>	<u>6,561,151</u>
					<u>2,306,245</u>	<u>934,612</u>	<u>3,240,857</u>	<u>1,512,875</u>
					<u>9,558,700</u>	<u>6,789,559</u>	<u>16,348,259</u>	<u>14,835,384</u>
					<u>\$ 11,864,945</u>	<u>\$ 7,724,171</u>	<u>\$ 19,589,116</u>	<u>\$ 16,348,259</u>

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

TOWN OF VINTON, VIRGINIA

BALANCE SHEET
GOVERNMENTAL FUND
June 30, 2021

	2021			2020	
	General Fund	Capital Projects Fund	Grant Fund	Total Governmental Funds	Total Governmental Funds (For Comparison Only)
ASSETS					
Cash and cash equivalents	\$ 4,689,779	\$ 1,391,774	\$ 3,980,962	\$ 10,062,515	\$ 4,470,842
Receivables, net	530,540	-	3,922	534,462	471,929
Due from other governmental units	265,023	-	289,662	554,685	745,054
Inventories	70	-	-	70	109
Land held for resale	495,239	-	-	495,239	487,378
Prepays	20,201	-	-	20,201	91,444
Loans receivable	37,168	-	-	37,168	44,022
Cash and cash equivalents, restricted	28,034	-	-	28,034	26,107
Total assets	<u>\$ 6,066,054</u>	<u>\$ 1,391,774</u>	<u>\$ 4,274,546</u>	<u>\$ 11,732,374</u>	<u>\$ 6,336,885</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 129,072	\$ 25,579	\$ 70,488	\$ 225,139	\$ 227,120
Accrued payroll and related liabilities	186,185	-	41	186,226	179,046
Unearned revenue	28,665	-	4,204,017	4,232,682	11,345
Total liabilities	<u>343,922</u>	<u>25,579</u>	<u>4,274,546</u>	<u>4,644,047</u>	<u>417,511</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue	1,165,214	-	-	1,165,214	1,089,084
Total deferred inflows of resources	<u>1,165,214</u>	<u>-</u>	<u>-</u>	<u>1,165,214</u>	<u>1,089,084</u>
FUND BALANCES (Note 21)					
Nonspendable	599,269	-	-	599,269	655,751
Restricted	406,739	-	-	406,739	74,711
Committed	-	1,366,195	-	1,366,195	427,271
Assigned	85,776	-	-	85,776	3,583
Unassigned	3,465,134	-	-	3,465,134	3,668,974
Total fund balances	<u>4,556,918</u>	<u>1,366,195</u>	<u>-</u>	<u>5,923,113</u>	<u>4,830,290</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,066,054</u>	<u>\$ 1,391,774</u>	<u>\$ 4,274,546</u>	<u>\$ 11,732,374</u>	<u>\$ 6,336,885</u>

TOWN OF VINTON, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2021**

	Governmental Funds	
	(For Comparison Only)	
	2021	2020
Total Fund Balances – Governmental Fund	\$ 5,923,113	\$ 4,830,290
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 20,434,906	
Less: accumulated depreciation	(10,685,877)	
	9,749,029	8,854,637
Bond premiums are reported as revenues in the governmental funds, but are amortized over the life of the debt obligation in the statement of net position:		
Bond premiums total \$(65,279) and accumulated amortization is \$65,279.	-	(14,806)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
	427,721	398,356
Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows related to:		
Pensions	796,189	
Other postemployment benefits	68,500	
Deferred inflows related to:		
Pensions	(215,839)	
Other postemployment benefits	(218,691)	
Net pension liability	(1,990,855)	
Net other postemployment benefits liability	(513,437)	
	(2,074,133)	(1,844,621)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General obligation bonds, including unamortized deferred amounts	(1,610,714)	
Obligations payable – Roanoke County and RCACP	(11,200)	
Capital lease obligations	(239,046)	
Accrued interest payable	(8,922)	
Compensated absences	(290,903)	
	(2,160,785)	(2,665,156)
Total Net Position – Governmental Activities	\$ 11,864,945	\$ 9,558,700

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

TOWN OF VINTON, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	2021			2020	
	General Fund	Capital Projects Fund	Grant Fund	Total Governmental Funds	Total Governmental Funds (For Comparison Only)
REVENUES					
General property taxes	\$ 755,762	\$ -	\$ -	\$ 755,762	\$ 742,567
Other local taxes	5,239,902	-	-	5,239,902	4,863,517
Permits, privilege fees, and regulatory licenses	5,490	-	-	5,490	4,592
Fines and forfeitures	52,305	-	-	52,305	54,486
Revenues from use of money and property	139,588	-	-	139,588	159,655
Charges for services	69,391	-	-	69,391	115,380
Other	131,824	-	-	131,824	134,151
Gain sharing	-	-	-	-	134,486
Recovered costs	98,269	-	-	98,269	34,671
Non-categorical aid	421,891	-	1,412,601	1,834,492	459,083
Categorical aid	1,576,766	-	653,945	2,230,711	2,198,487
Total revenues	<u>8,491,188</u>	<u>-</u>	<u>2,066,546</u>	<u>10,557,734</u>	<u>8,901,075</u>
EXPENDITURES					
Current:					
General government administration	993,832	-	1,480,309	2,474,141	835,575
Public safety	2,117,446	-	38,409	2,155,855	2,821,897
Public works	1,395,665	-	-	1,395,665	1,377,264
Parks, recreation, and cultural	500,690	-	-	500,690	457,443
Community development	363,839	-	207,301	571,140	871,782
Capital projects	387,682	729,799	332,667	1,450,148	533,151
Debt service:					
Principal retirement	452,490	-	-	452,490	446,651
Interest and fiscal charges	62,640	-	-	62,640	64,540
Total expenditures	<u>6,274,284</u>	<u>729,799</u>	<u>2,058,686</u>	<u>9,062,769</u>	<u>7,408,303</u>
Excess (deficit) of revenues over expenditures	<u>2,216,904</u>	<u>(729,799)</u>	<u>7,860</u>	<u>1,494,965</u>	<u>1,492,772</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bond issuance	321,000	-	-	321,000	-
Payment to escrow agent	(313,402)	-	-	(313,402)	-
Transfers in	7,860	1,698,723	-	1,706,583	600,012
Transfers out	(2,108,463)	-	(7,860)	(2,116,323)	(781,640)
Total other financing sources (uses)	<u>(2,093,005)</u>	<u>1,698,723</u>	<u>(7,860)</u>	<u>(402,142)</u>	<u>(181,628)</u>
Net change in fund balance	123,899	968,924	-	1,092,823	1,311,144
FUND BALANCE AT JULY 1	<u>4,433,019</u>	<u>397,271</u>	<u>-</u>	<u>4,830,290</u>	<u>3,519,146</u>
FUND BALANCE AT JUNE 30	<u>\$ 4,556,918</u>	<u>\$ 1,366,195</u>	<u>\$ -</u>	<u>\$ 5,923,113</u>	<u>\$ 4,830,290</u>

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

TOWN OF VINTON, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
THE GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021**

	<u>Governmental Funds</u>	
	(For	
	Comparison	
	Only)	
	<u>2021</u>	<u>2020</u>
Net change in fund balance governmental fund	\$ 1,092,823	\$ 1,311,144
Amounts reported for governmental activities in the statement of activities are different because:		
The net effect of the change in accrued interest expense is not reflected in the fund statements.	5,128	2,089
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay \$1,521,825 exceeded depreciation \$629,735 and the value of capital assets disposed in the current period \$2,302.	894,392	(224,053)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	29,365	(22,977)
Governmental funds report employer pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. This is the amount by which expense \$529,941 exceeded employer pension contributions \$272,896 in the current period.	(257,045)	(156,065)
Governmental funds report employer other postemployment benefit contributions as expenditures. However, in the statement of activities the cost of these benefits earned, net of employee contributions, is reported as other postemployment benefit expense.		
Employer other postemployment benefit contributions	\$14,288	
Other postemployment benefits expense	<u>(41,821)</u>	
	27,533	16,628
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences.	434,281	432,370
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of a decrease in compensated absences.	79,768	22,027
Change in net position of governmental activities	<u>\$ 2,306,245</u>	<u>\$ 1,381,163</u>

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

TOWN OF VINTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
GENERAL FUND
Year Ended June 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 683,300	\$ 683,300	\$ 755,762	\$ 72,462
Other local taxes	4,218,000	4,433,047	5,239,902	806,855
Permits, privilege fees, and regulatory licenses	2,500	2,500	5,490	2,990
Fines and forfeitures	51,200	51,200	52,305	1,105
Revenues from use of money and property	139,500	139,500	139,588	88
Charges for services	131,150	135,283	69,391	(65,892)
Other	118,150	118,800	131,824	13,024
Recovered costs	10,000	17,787	98,269	80,482
Non-categorical aid	414,260	422,166	421,891	(75)
Categorical aid	1,400,490	1,400,490	1,576,766	176,276
Total revenues	<u>7,168,550</u>	<u>7,404,073</u>	<u>8,491,188</u>	<u>1,087,115</u>
EXPENDITURES				
Current:				
General government administration	708,108	1,021,164	993,832	27,332
Public safety	2,707,054	2,195,349	2,117,446	77,903
Public works	1,495,614	1,491,192	1,395,665	95,527
Parks, recreation, and cultural	521,473	538,345	500,690	37,655
Community development	489,352	384,922	363,839	21,083
Capital projects	294,303	372,049	387,682	(15,633)
Debt service:				
Principal retirement	447,338	452,490	452,490	-
Interest and fiscal charges	56,544	62,642	62,640	2
Total expenditures	<u>6,719,786</u>	<u>6,518,153</u>	<u>6,274,284</u>	<u>243,869</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	-	321,000	321,000	-
Payments to escrow agent	-	(313,402)	(313,402)	-
Transfer in	-	-	7,860	7,860
Transfers out	(448,764)	(2,108,463)	(2,108,463)	-
Total other financing sources	<u>(448,764)</u>	<u>(2,100,865)</u>	<u>(2,093,005)</u>	<u>7,860</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,214,945)</u>	<u>\$ 123,899</u>	<u>\$ 1,338,844</u>

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

TOWN OF VINTON, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Business-Type Activities – Enterprise Funds			Total Enterprise (For Comparison Only)
	2021		2020	
	Water and Sewer	Stormwater Management	Total Enterprise	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,711,603	\$ 304,355	\$ 3,015,958	\$ 2,434,426
Receivables, net	776,417	-	776,417	707,658
Inventories	67,266	3,049	70,315	63,988
Prepays	1,865	9	1,874	31,785
Cash and cash equivalents, restricted	4,418,345	-	4,418,345	46,652
Total current assets	7,975,496	307,413	8,282,909	3,284,509
Noncurrent assets:				
Capital assets:				
Nondepreciable	225,468	18,233	243,701	80,752
Depreciable, net	9,239,743	197,766	9,437,509	9,645,364
Total noncurrent assets	9,465,211	215,999	9,681,210	9,726,116
Total assets	17,440,707	523,412	17,964,119	13,010,625
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	93,597	-	93,597	86,840
Deferred outflows related to pensions (Notes 8 & 11)	212,630	58,601	271,231	229,378
Deferred outflows related to other postemployment benefits (Notes 9, 10, & 11)	6,343	1,269	7,612	8,019
Total deferred outflows of resources	312,570	59,870	372,440	324,237
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	237,488	18,791	256,279	251,501
Accrued payroll and related liabilities	51,497	13,857	65,354	54,146
Accrued interest payable	41,799	-	41,799	39,129
Customer security deposits	45,200	-	45,200	46,500
Current portion of noncurrent liabilities (Note 6)	1,103,309	33,588	1,136,897	679,280
Total current liabilities	1,479,293	66,236	1,545,529	1,070,556
Noncurrent liabilities:				
Net pension liability (Notes 8 & 11)	531,678	146,532	678,210	600,911
Net other postemployment benefit liability (Notes 9, 10, & 11)	50,274	8,350	58,624	59,091
Due in more than one year (Note 6)	8,085,084	147,114	8,232,198	4,742,316
Total noncurrent liabilities	8,667,036	301,996	8,969,032	5,402,318
Total liabilities	10,146,329	368,232	10,514,561	6,472,874
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions (Notes 8 & 11)	57,642	15,886	73,528	49,588
Deferred inflows related to other postemployment benefits (Notes 9, 10, & 11)	20,249	4,050	24,299	22,841
Total deferred inflows of resources	77,891	19,936	97,827	72,429
NET POSITION				
Net investment in capital assets	4,780,761	37,525	4,818,286	4,424,574
Unrestricted	2,748,296	157,589	2,905,885	2,364,985
Total net position	\$ 7,529,057	\$ 195,114	\$ 7,724,171	\$ 6,789,559

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

TOWN OF VINTON, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 Year Ended June 30, 2021**

	Business-Type Activities – Enterprise Fund			
	2021			2020
				(For Comparison Only)
	Water and Sewer	Stormwater Management	Total Enterprise	Total Enterprise
OPERATING REVENUES				
Water service charges and fees	\$ 1,729,140	\$ -	\$ 1,729,140	\$ 1,596,474
Sewer service charges and fees	2,002,009	-	2,002,009	1,795,142
Water/sewer penalties	51,617	-	51,617	31,726
Other revenue	446,540	-	446,540	371,278
Total operating revenues	<u>4,229,306</u>	<u>-</u>	<u>4,229,306</u>	<u>3,794,620</u>
OPERATING EXPENSES				
Salaries	768,009	193,530	961,539	938,029
Fringe benefits	334,185	112,674	446,859	499,088
Contractual services	94,627	8,680	103,307	69,197
Maintenance	257,852	-	257,852	242,371
Rent, utilities, and insurance	277,690	8,920	286,610	266,101
Materials and supplies	92,344	10,150	102,494	119,453
Equipment repairs and rentals	39,266	-	39,266	79,594
Sewage treatment	456,353	-	456,353	349,799
Purchase of water	129,019	-	129,019	148,525
Other	143,362	25,705	169,067	156,845
Depreciation	875,976	34,172	910,148	820,523
Total operating expenses	<u>3,468,683</u>	<u>393,831</u>	<u>3,862,514</u>	<u>3,689,525</u>
Operating income (loss)	<u>760,623</u>	<u>(393,831)</u>	<u>366,792</u>	<u>105,095</u>
NON-OPERATING REVENUE (EXPENSE)				
Interest income	5,112	-	5,112	8,271
Interest expense	(205,986)	(5,966)	(211,952)	(163,282)
Capital contributions	364,920	-	364,920	-
Net non-operating income (expense)	<u>164,046</u>	<u>(5,966)</u>	<u>158,080</u>	<u>(155,011)</u>
Income (loss) before transfers	<u>924,669</u>	<u>(399,797)</u>	<u>524,872</u>	<u>(49,916)</u>
TRANSFERS IN (OUT)	<u>(249,738)</u>	<u>659,478</u>	<u>409,740</u>	<u>181,628</u>
Change in net position	<u>674,931</u>	<u>259,681</u>	<u>934,612</u>	<u>131,712</u>
NET POSITION AT JULY 1	<u>6,854,126</u>	<u>(64,567)</u>	<u>6,789,559</u>	<u>6,657,847</u>
NET POSITION AT JUNE 30	<u>\$ 7,529,057</u>	<u>\$ 195,114</u>	<u>\$ 7,724,171</u>	<u>\$ 6,789,559</u>

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

TOWN OF VINTON, VIRGINIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-Type Activities – Enterprise Fund			
	2021			2020
	Water and Sewer	Stormwater Management	Total Enterprise	Total Enterprise (For Comparison Only)
OPERATING ACTIVITIES				
Receipts from customers	\$ 3,712,707	\$ -	\$ 3,712,707	\$ 3,362,852
Receipts from other sources	446,540	-	446,540	371,278
Payments to suppliers	(1,551,013)	(32,467)	(1,583,480)	(1,541,049)
Payments to employees	(1,061,819)	(280,953)	(1,342,772)	(1,307,157)
Net cash provided by (used in) operating activities	1,546,415	(313,420)	1,232,995	885,924
NONCAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	(249,738)	659,478	409,740	181,628
CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(514,513)	(53,683)	(568,196)	(23,428)
Principal paid on long-term liabilities	(1,853,796)	(32,596)	(1,886,392)	(655,303)
Proceeds from long-term liabilities	5,827,525	-	5,827,525	-
Debt issuance costs	75,264	-	75,264	-
Interest paid	(138,916)	(3,907)	(142,823)	(156,123)
Net cash provided by (used in) capital and related financing activities	3,395,564	(90,186)	3,305,378	(834,854)
INVESTING ACTIVITIES				
Interest received on investments	5,112	-	5,112	8,271
Net increase in cash and cash equivalents	4,697,353	255,872	4,953,225	240,969
CASH AND CASH EQUIVALENTS				
Beginning at July 1	2,432,595	48,483	2,481,078	2,240,109
Ending at June 30	\$ 7,129,948	\$ 304,355	\$ 7,434,303	\$ 2,481,078
RECONCILIATION TO EXHIBIT 8				
Cash and cash equivalents	\$ 2,711,603	\$ 304,355	\$ 3,015,958	\$ 2,434,426
Cash and cash equivalents, restricted	4,418,345	-	4,418,345	46,652
	\$ 7,129,948	\$ 304,355	\$ 7,434,303	\$ 2,481,078
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 760,623	\$ (393,831)	\$ 366,792	\$ 105,095
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	875,976	34,172	910,148	820,523
Pension expense net of employer contributions	34,343	25,043	59,386	130,177
Other postemployment benefit expense net of employer contributions	1,459	(61)	1,398	(4,137)
Change in certain assets and liabilities:				
(Increase) decrease in:				
Receivables, net	(68,759)	-	(68,759)	(61,290)
Inventories	(4,977)	(1,350)	(6,327)	(6,733)
Prepays	24,856	5,055	29,911	(14,528)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(80,379)	17,283	(63,096)	(87,903)
Accrued payroll and related liabilities	8,711	2,497	11,208	487
Customer security deposits	(1,300)	-	(1,300)	800
Compensated absences	(4,138)	(2,228)	(6,366)	3,433
Net cash provided by (used in) operating activities	\$ 1,546,415	\$ (313,420)	\$ 1,232,995	\$ 885,924
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital asset purchases included in accounts payable	\$ 110,438	\$ -	\$ 110,438	\$ 42,564
Capital contributions	\$ 364,920	\$ -	\$ 364,920	\$ -

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

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

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

Vinton provides a full range of municipal services including police, refuse collection, recycling, public improvements, planning and zoning, general administrative services, recreation, and water and sewer services.

Jointly Governed Organizations

Roanoke Valley Resource Authority

The Town of Vinton, Roanoke County, and the City of Roanoke jointly participate in the Roanoke Valley Resource Authority, which operates a regional solid waste disposal system that includes a sanitary landfill, waste collection, and transfer station. The Authority is governed by a board composed of seven members appointed by the governing bodies of participating jurisdictions. Town Council appoints one member. The Town has control over the budget and financing of the Authority only to the extent of representation by the board member appointed. The participating localities are each responsible for their pro-rata share, based on population, of any year-end operating deficit. For the current year, the Town remitted \$212,417 to the Authority for services. A separate financial statement can be obtained from the Roanoke Valley Resource Authority, 110 Hollins Road, NE, Roanoke, Virginia 24012.

Roanoke Valley Regional Pound Facility

The Counties of Roanoke and Botetourt, the City of Roanoke, the Town of Vinton, and the Roanoke Valley Society for the Prevention of Cruelty to Animals, Inc. formed the Advisory Board of the Roanoke Valley Regional Pound Facility to construct and operate a regional pound facility. The Board is composed of nine members. Each locality’s financial obligation is based on the number of animals caged per day at the facility. The County of Roanoke assumed responsibility for the Town’s percentage of the costs as part of the new memorandum of understanding with the County of Roanoke that went into effect on July 1, 2019. A separate financial statement can be obtained from the Roanoke Valley Regional Pound Facility, 1510 Baldwin Avenue, Roanoke, Virginia 24012.

Roanoke County Emergency Communications Center

The Town participates in an intergovernmental agreement with the County of Roanoke for the operation of a E-911 dispatch center. All personnel of the Center are employees of Roanoke County. The Director of Communications & Information Technology in coordination with the Emergency Communications Center Advisory Board is responsible for oversight of the Center. The Assistant Director for Communications and Information Technology is responsible for the day-to-day operational management of the Center. The Town and County of Roanoke contribute to the operational cost of the Center based on the pro rata share of call volume. The Town’s share of the operating cost was \$447,618 in the current year. Separate financial statements are not available.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

A. The Financial Reporting Entity (Continued)

Jointly Governed Organizations (Continued)

Western Virginia Regional Industrial Facility Authority

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

B. Individual Component Unit Disclosures

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

C. Government-Wide and Fund Financial Statements

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

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

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

The Town reports the following major governmental funds:

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

The *capital projects fund* is used to account for financial resources which have been segregated for the acquisition or construction of major capital facilities.

The *grant fund* is a special revenue fund that is used to report specific revenue sources that are limited to being used for a specific purpose.

The Town reports the following major proprietary funds:

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

E. Budgets and Budgetary Accounting

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

- 1) Prior to June 30, the Town Manager submits to Council a proposed operating and capital budget for the fiscal year commencing the following July 1. This budget includes proposed expenditures and the means of financing them.
- 2) Public hearings are conducted to obtain citizen comments.
- 3) Prior to June 30, the budgets for the general and enterprise funds are legally enacted through passage of an appropriations ordinance. Town Council may, from time to time, amend the budget providing for additional expenditures and the means for financing them. Town Council approved additional general fund appropriations of approximately \$1,771,000 during the fiscal year ended June 30, primarily for capital projects deferred from the prior year and additional operating expenditures.
- 4) The appropriations ordinance places legal restrictions on expenditures at the department or function level. Management can over-expend at the line item level without approval of Town Council. The appropriation for each department or function can be revised only by Town Council. The Town Manager is authorized to transfer budget amounts within departments. All budget data presented in Exhibit 7 is at the legal level of budgetary control.
- 5) Formal budgetary integration is employed as a management control device during the year for the general and enterprise funds.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

E. Budgets and Budgetary Accounting (Continued)

- 6) Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7) Appropriations lapse on June 30.
- 8) All budget data presented in the accompanying financial statements are revised as of June 30.

F. Cash and Cash Equivalents

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

G. Allowance for Uncollectible Accounts

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

H. Inventories

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

I. Prepaid Items

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

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

J. Land Held for Resale

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

K. Capital Assets

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

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

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

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

L. Deferred Outflows/Inflows of Resources

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

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

M. Compensated Absences

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

N. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring all financial statement elements relating to pension and OPEB plans, information about the fiduciary net position of the Town's plans and the additions to/deductions from the Town's plan's net fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

O. Long-Term Obligations

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

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

P. Fund Balances

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

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1. Summary of Significant Accounting Policies (Continued)

P. Fund Balances (Continued)

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

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

Minimum Fund Balance Policy

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

Q. Estimates

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

R. Comparative Information

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

S. Reclassifications

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Deposits and Investments

Deposits

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

Investments

Investment Policy

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

Credit Risk

As required by state statute, the Policy requires that “prime quality” commercial paper, with a maturity of 270 days or less, of issuing corporations organized under the laws of the United States, or of any state thereof including paper issued by banks and bank holding companies has received at least two of the following ratings: (i) at least prime 1 by Moody’s Investors Service, Inc.; (ii) at least A1 by Standard & Poor’s; or (iii) at least F1 by Fitch Ratings, Inc. provided that at the time of the any such investment has a net worth of at least \$50 million, the net income of the issuing corporation, or its guarantor, has averaged \$3 million per year for the previous five year, and all existing senior bonded indebtedness of the issuer, or its guarantor, has received at least two of the following ratings: (i) at least A by Moody’s Investors Service, Inc.; (ii) at least A by Standard & Poor’s, or (iii) at least A by Fitch Ratings, Inc.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk (Continued)

The Policy also requires that negotiable certificates of deposit and negotiable bank deposit notes of domestic banks and domestic offices of foreign banks with maturities not exceeding one year, have received at least two of the following ratings: (i) at least A-1 by Standard & Poor's; (ii) at least P-1 by Moody's Service; or (iii) at least at least F1 by Fitch Ratings. For maturities exceeding one year and not exceeding five years, have received at least two of the following ratings: (i) at least AA by Standard & Poor's, (ii) at least Aa by Moody's Investors Service, or (iii) at least AA by Fitch Ratings.

The Town has invested bond proceeds subject to rebate of arbitrage earnings in the Virginia State Non-Arbitrage Program (SNAP). SNAP is designed to assist local governments in complying with the arbitrage rebate requirements of the Tax Reform Act of 1986. These programs provide comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of general obligation and revenue tax-exempt financing of Virginia local governments. The SNAP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the SNAP is less than one year.

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

Interest Rate Risk

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

Custodial Credit Risk

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2. Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk (Continued)

As of June 30, the Town's deposit and investment balances were as follows:

Deposits		
Demand deposits		\$ 13,119,407
Cash on hand		<u>1,309</u>
		13,120,716
Investments (Fair Value):		
LGIP		20,985
VML VIP Liquidity Pool		10,157
SNAP		<u>4,372,994</u>
Total deposits and investments		<u>\$ 17,524,852</u>

Exhibit 1 total deposits and investments is composed as follows:

Cash and investments		\$ 13,078,473
Restricted cash		<u>4,446,379</u>
Total deposits and investments		<u>\$ 17,524,852</u>

Restricted cash and cash equivalents consists of \$4,372,994 in unspent bond proceeds, \$45,300 of utility deposits, \$26,708 of evidence found, and \$1,377 of flex benefit spending that can only be used for specific purposes.

Note 3. Receivables

Receivables consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Receivables			
Taxes	\$ 520,175	\$ -	\$ 520,175
Accounts	<u>215,566</u>	<u>851,901</u>	<u>1,067,467</u>
Gross receivables	735,741	851,901	1,587,642
Less allowance for uncollectibles	<u>201,279</u>	<u>75,484</u>	<u>276,763</u>
Receivables, net	<u>\$ 534,462</u>	<u>\$ 776,417</u>	<u>\$ 1,310,879</u>

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 4. Due from Other Governmental Units

	Governmental Activities
A summary of funds due from other governmental units was as follows:	
Commonwealth of Virginia	
Communication taxes	\$ 39,029
Rolling stock tax	8,149
Highway infrastructure program	83,040
Miscellaneous non-categorical aid	686
	130,904
Federal Government	
Other	206,621
County of Roanoke	
Local sales taxes	210,582
Other	6,578
	217,160
	\$ 554,685

Note 5. Capital Assets

Capital asset activity for the year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated				
Land	\$ 1,832,033	\$ -	\$ (8,501)	\$ 1,823,532
Construction in progress	360,699	128,063	(194,605)	294,157
Total capital assets, not depreciated	2,192,732	128,063	(203,106)	2,117,689
Capital assets, depreciated				
Buildings and improvements	9,682,209	350,176	(2,290)	10,030,095
Machinery and equipment	3,794,597	601,057	(241,307)	4,154,347
Infrastructure	3,487,140	645,635	-	4,132,775
Total capital assets, depreciated	16,963,946	1,596,868	(243,597)	18,317,217
Less accumulated depreciation for:				
Buildings and improvements	(5,282,600)	(281,432)	4,592	(5,559,440)
Machinery and equipment	(3,195,112)	(168,284)	241,307	(3,122,089)
Infrastructure	(1,824,329)	(180,019)	-	(2,004,348)
Total accumulated depreciation	(10,302,041)	(629,735)	245,899	(10,685,877)
Total capital assets, depreciated, net	6,661,905	967,133	2,302	7,631,340
Governmental activities capital assets, net	\$ 8,854,637	\$ 1,095,196	\$ (200,804)	\$ 9,749,029

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Capital Assets (Continued)

<u>Business-type Activities</u>	<u>Beginning Balance (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 80,752	\$ -	\$ -	\$ 80,752
Construction progress	-	162,949	-	162,949
Total capital assets, not depreciated	80,752	162,949	-	243,701
Capital assets, depreciated				
Utility plant	19,467,081	702,293	-	20,169,374
Sewage treatment contract	4,111,373	-	-	4,066,884
Machinery and equipment	2,290,954	-	(44,489)	2,290,954
Total capital assets, depreciated	25,869,408	702,293	(44,489)	26,527,212
Less accumulated depreciation for:				
Utility plant	(12,799,106)	(591,042)	-	(13,390,148)
Sewage treatment contract	(2,113,945)	(219,703)	-	(2,289,159)
Machinery and equipment	(1,310,993)	(99,403)	44,489	(1,410,396)
Total accumulated depreciation	(16,224,044)	(910,148)	44,489	(17,089,703)
Total capital assets, depreciated, net	9,645,364	(207,855)	-	9,437,509
Business-type activities capital assets, net	<u>\$ 9,726,116</u>	<u>\$ (44,906)</u>	<u>\$ -</u>	<u>\$ 9,681,210</u>

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

Governmental activities	
General government administration	\$ 303,234
Public safety	30,718
Public works	295,783
	<u>\$ 629,735</u>
Business-type activities	
Water and sewer	\$ 875,976
Stormwater management	34,172
	<u>\$ 910,148</u>

Construction Commitments

The Town has a \$200,000 construction commitment for the Glade Creek Greenway construction project and \$1,286,000 for the water meter infrastructure upgrade as of June 30, 2021.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5. Capital Assets (Continued)

Sewage Treatment Contract

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

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

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

The Western Virginia Water Authority began upgrades to its main digester plant in 2021 to improve operations and ensure continuity of services. Modifications costing approximately \$13 million are scheduled to be completed by 2022. The Town's share was approximately 5.5% or \$710,808. Incurred expenses as of June 30, 2021 were recorded as an obligation payable of \$173,525. The Town applied for Virginia Clean Water Revolving Loan Funds, which should be awarded and recorded during the following fiscal year.

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

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Long-Term Liabilities

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 1,985,234	\$ 321,000	\$ (635,639)	\$ 1,670,595	\$ 346,387
Obligation payable – Roanoke County	55,500	-	(55,500)	-	-
Obligation payable – RCACP	19,852	-	(8,652)	11,200	11,200
Bond premiums	14,806	-	(14,806)	-	-
Capital leases	296,746	-	(57,700)	239,046	59,256
Compensated absences	370,671	42,553	(122,321)	290,903	95,998
	<u>\$ 2,742,809</u>	<u>\$ 363,553</u>	<u>\$ (894,618)</u>	<u>\$ 2,211,744</u>	<u>\$ 512,841</u>
Business-type Activities					
General obligation bonds	\$ 3,095,449	\$ 5,654,000	\$ (1,570,330)	\$ 7,179,119	\$ 820,110
Revenue bonds	1,513,000	-	(175,000)	1,338,000	181,000
Obligation payable – WVWA	221,589	173,525	(15,837)	379,277	21,337
Capital leases	558,344	-	(125,225)	433,119	104,159
Compensated absences	33,214	15,017	(8,651)	39,580	10,291
	<u>\$ 5,421,596</u>	<u>\$ 5,842,542</u>	<u>\$ (1,895,043)</u>	<u>\$ 9,369,095</u>	<u>\$ 1,136,897</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Long-Term Liabilities (Continued)

Governmental activities' compensated absences, pension liabilities, and other post-employment liabilities are generally liquidated by the general fund.

Governmental Activities						
Fiscal Year	General Obligation Bonds		Capital Leases		Obligation Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 346,387	\$ 29,222	\$ 59,256	\$ 6,215	\$ 11,200	\$ 208
2023	348,732	23,087	60,855	4,595	-	-
2024	360,578	16,020	62,497	2,930	-	-
2025	360,898	8,816	44,064	1,219	-	-
2026	127,000	4,048	12,374	198	-	-
2027-2031	127,000	1,638	-	-	-	-
	<u>\$1,670,595</u>	<u>\$ 82,831</u>	<u>\$ 239,046</u>	<u>\$ 15,157</u>	<u>\$ 11,200</u>	<u>\$ 208</u>
Business-type Activities						
Fiscal Year	General Obligation Bonds		Revenue Bonds		Obligation Payable WVWA	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 820,110	\$ 126,096	\$ 181,000	\$ 25,574	\$ 21,337	\$ 12,827
2023	815,887	121,437	181,000	21,863	21,974	12,190
2024	834,577	103,269	186,000	18,101	22,632	11,531
2025	809,833	84,633	191,000	14,237	23,313	10,851
2026	782,230	67,712	196,000	10,271	24,017	10,147
2027-2031	2,896,482	161,573	403,000	8,292	131,517	39,300
2032-2036	220,000	5,495	-	-	74,918	20,656
2037-2041	-	-	-	-	59,569	7,490
	<u>\$ 7,179,119</u>	<u>\$ 670,215</u>	<u>\$ 1,338,000</u>	<u>\$ 98,338</u>	<u>\$ 379,277</u>	<u>\$ 124,992</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Long-Term Liabilities (Continued)

Fiscal Year	Business-type Activities	
	Capital Leases	
	Principal	Interest
2022	\$ 104,159	\$ 10,902
2023	106,907	8,154
2024	109,729	5,333
2025	74,458	2,436
2026	37,866	860
	\$ 433,119	\$ 27,685

The revenue bond has been issued in accordance with the terms of an indenture agreement with the Virginia Municipal League/Virginia Association of Counties. The indenture agreement requires the Town to pledge its Water and Sewer Fund Revenues as collateral for the revenue bond and to maintain revenues in the Water and Sewer Fund equal to at least 1.20 of all debt service payments which exclude any refunded principal payments. The pledged revenue coverage ratio for the year ended June 30, 2021 was 2.45. Statistical Section Table 11 presents the pledged revenue coverage ratio.

The Town entered into an agreement with the County of Roanoke in July 2019 that transferred the remaining debt payments associated with the Vinton Fire Station #2 and the Vinton Rescue Squad #2. The County makes semi-annual payments directly to the Town.

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business- Type Activities
<u>General Obligation Bonds</u>						
Virginia Revolving Loan Fund:						
G.O. Water and Sewer Bonds	1.00%	07/24/03	07/01/24	\$ 1,250,704	\$ -	\$ 286,944
G.O. Water and Sewer Bonds	1.00%	10/01/04	10/01/26	2,479,000	-	855,777
G.O. Water and Sewer Bonds	1.00%	01/12/06	03/01/26	1,210,000	-	382,398
Virginia Association of Counties:						
G.O. Refunding Bonds	2.05%	05/25/16	02/01/27	702,000	428,000	-
Zions Bancorporation						
G.O. Capital Improvement Bonds	1.66%	04/22/21	03/01/33	4,429,000	-	4,429,000
G.O. Refunding Bonds	1.66%	04/22/21	03/01/33	1,546,000	321,000	1,225,000
Carter Bank and Trust:						
G.O. Refunding Bonds	2.05%	06/27/13	11/01/24	2,228,409	921,595	-
					\$ 1,670,595	\$ 7,179,119

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6. Long-Term Liabilities (Continued)

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

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Revenue Bonds</u>						
Virginia Association of Counties: Revenue Water and Sewer Bonds	2.05%	05/25/16	08/01/27	\$ 1,786,000	\$ -	\$ 1,338,000
<u>Capital Lease</u>						
U.S. Bancorp	2.43%	12/29/17	12/29/24	746,241	\$ 134,244	\$ 254,645
Home Trust Bank	3.10%	07/27/18	07/27/25	157,053	104,802	-
Signature Public Funding Corp.	3.02%	04/19/19	04/19/26	242,703	-	178,474
					<u>\$ 239,046</u>	<u>\$ 433,119</u>
<u>Obligations Payable</u>						
RCACP	2.95%	12/31/13	09/30/22	73,180	\$ 11,200	\$ -
WVWA	2.35%	03/01/15	09/01/32	294,516	-	205,752
WVWA					-	173,525
					<u>\$ 11,200</u>	<u>\$ 379,277</u>

Note 7. Performance Agreements

The Town has committed funds for several performance agreements with local businesses to encourage redevelopment and economic growth in the Town. In exchange, the Town will provide funding equal to annual meals tax generated by the business or make annual payments as performance benchmarks are met, depending on the agreement. The expected maturity of the total payouts is June 30, 2031. As of June 30, 2021, the amount earned is \$381,284 and the amount unearned is \$819,882.

Note 8. Defined Benefit Pension Plan

Plan Description

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit 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 a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at

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

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	78
Inactive members:	
Vested inactive members	22
Non-vested inactive members	29
Inactive members active elsewhere in VRS	67
Total inactive members	118
Active members	70
Total covered employees	266

Contributions

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

The political subdivision’s contractually required contribution rate for the year ended June 30, 2021 was 11.78% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$365,876 and \$365,794 for the years ended June 30, 2021 and June 30, 2020, respectively.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

Net Pension Liability

The political subdivision's net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total pension liability for General Employees and Public Safety with Hazardous Duty Benefits in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Public Safety Employees with hazardous duty benefits – Salary increases, including inflation	3.50 – 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

Mortality rates: General employees – 15 to 20% of deaths are assumed to be service related. Public Safety Employees – 70% of deaths are assumed to be service related. Mortality is projected using the applicable RP-2014 Mortality Table Projected to 2020 with various setbacks or set forwards for both males and females.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees – Largest 10 – Non-Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rates at older ages, changed final retirement from 70 to 75; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; lowered disability rates, no change to salary scale, increased rate of line of duty disability from 14% to 20% (Largest 10) or 15% (All Others), and decreased discount rate from 7.00% to 6.75%.

Public Safety Employees – Largest 10 – Hazardous Duty and All Others (Non 10 Largest): Update mortality table; lowered retirement rate at older ages; adjustment to rates of withdrawal and disability to better fit experience; changes to line of duty rates, no changes to salary scale, and decreased discount rate from 7.00% to 6.75%.

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>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS- Multi-Asset Public Strategies	6.00	3.04	0.18
PIP- Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		4.64 %
	Inflation		2.50 %
	*Expected arithmetic nominal return		7.14 %

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return (Continued)

- * The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.5%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2019	\$ 20,051,700	\$ 17,803,624	\$ 2,248,076
Changes for the year:			
Service cost	406,156	-	406,156
Interest	1,313,647	-	1,313,647
Differences between expected and actual experience	(477,134)	-	(477,134)
Contributions – employer	-	350,377	(350,377)
Contributions – employee	-	147,474	(147,474)
Net investment income	-	336,025	(336,025)
Benefit payments, including refunds of employee contributions	(1,180,514)	(1,180,514)	-
Administrative expenses	-	(11,803)	11,803
Other changes	-	(393)	393
Net changes	62,155	(358,834)	420,989
Balances at June 30, 2020	\$ 20,113,855	\$ 17,444,790	\$ 2,669,065

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

The following presents the net pension liability of the political subdivision using the discount rate of 6.75%, as well as what the political subdivision's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Political subdivision's net pension liability	\$ 5,119,449	\$ 2,669,065	\$ 635,526

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2021, the political subdivision recognized pension expense of \$667,211. At June 30, 2021, the political subdivision 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	\$ 3,578	\$ 289,367
Change in assumptions	175,562	-
Net difference between projected and actual earnings on pension plan investments	522,404	-
Employer contributions subsequent to the measurement date	365,876	-
Total	\$ 1,067,420	\$ 289,367

The \$365,876 reported as deferred outflows of resources related to pensions resulting from the Political Subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Increase (Reduction) to Pension Expense
2022	\$ (31,481)
2023	95,883
2024	179,323
2025	168,452
2026	-
Thereafter	-

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8. Defined Benefit Pension Plan (Continued)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2021, approximately \$27,985 was payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

Note 9. Other Postemployment Benefits Liability – Local Plan

Plan Description and Benefits Provided

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

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

The plan does not provide audited financial statements.

Funding Policy

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

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

Employees Covered by Benefit Terms

As of the January 1, 2020 actuarial valuation, the following employees were covered by the benefit terms of the plan:

	Number
Inactive employees or beneficiaries	3
Active plan members	62
	65

Total OPEB Liability

The Town's total OPEB liability of \$318,565 was measured as of June 30, 2021 and was determined based on an actuarial valuation performed as of January 1, 2020.

Actuarial Assumptions and Other Inputs

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

Inflation		2.50%
Salary increases, including inflation		2.16% plus a variable merit component that is dependent on years of service
Healthcare cost trend rates		3.70% initially, grading up to 4.20% ultimately
Retirees' share of benefit-related costs		\$-0-

Mortality rates: Ranges from 0.00016 to 0.09286.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial VRS experience over the four-year period ending June 30, 2016.

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

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 303,506
Changes for the year:	
Service cost	37,413
Interest	7,195
Assumption or other input changes	1,261
Benefit payments	<u>(30,810)</u>
Net changes	<u>15,059</u>
Balance at June 30, 2021	<u><u>\$ 318,565</u></u>

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

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1.00% Decrease (1.16%)	Current Discount Rate (2.16%)	1.00% Increase (3.16%)
Total OPEB liability	<u>\$ 343,742</u>	<u>\$ 318,565</u>	<u>\$ 293,609</u>

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

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

	1.00% Decrease (2.70%)	Current Healthcare Cost Trend Rates (3.70%)	1.00% Increase (4.70%)
Total OPEB liability	<u>\$ 267,011</u>	<u>\$ 318,565</u>	<u>\$ 382,478</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 9. Other Postemployment Benefits Liability – Local Plan (Continued)

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$15,677. At June 30, 2021, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 127,172
Change in assumptions	13,224	51,600
Total	\$ 13,224	\$ 178,772

The \$-0- reported as deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the OPEB Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Reduction to OPEB Expense
2022	\$ (28,931)
2023	(28,931)
2024	(28,931)
2025	(28,931)
2026	(29,169)
Thereafter	(20,656)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan

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

Plan Description

Group Life Insurance Program

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

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

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

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

Contributions

Contributions to the VRS OPEB program was based on actuarially determined rates from actuarial valuations as of June 30, 2019. The actuarially determined rates were expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB program are as follows:

Group Life Insurance Program

Governed by:	<i>Code of Virginia</i> 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly.
Total rate:	1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution.
June 30, 2021 Contribution	\$15,876
June 30, 2020 Contribution	\$18,325

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

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

The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The covered employer’s proportion of the net OPEB liability was based on the covered employer’s actuarially determined employer contributions for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers.

Group Life Insurance Program

June 30, 2021 proportionate share of liability	\$253,496
June 30, 2020 proportion	0.01519%
June 30, 2019 proportion	0.01850%
June 30, 2021 expense	\$2,798

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

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Group Life Insurance Program

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,259	\$ 2,277
Change in assumptions	12,678	5,293
Net difference between projected and actual earnings on OPEB plan investments	7,615	-
Changes in proportion	10,460	56,648
Employer contributions subsequent to the measurement date	15,876	-
Total	<u>\$ 62,888</u>	<u>\$ 64,218</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

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

The deferred outflows of resources related to OPEB resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Group Life Insurance Program

Year Ended June 30,	Reduction to OPEB Expense
2022	\$ (3,051)
2023	(901)
2024	(1,288)
2025	(3,121)
2026	(7,131)
Thereafter	(1,714)

Actuarial Assumptions and Other Inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2019, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020:

Inflation	2.5%
Salary increases, including inflation:	
• Locality – general employees	3.5 – 5.35%
• Locality – hazardous duty employees	3.5 – 4.75%
Healthcare cost trend rates:	
• Under age 65	7.00– 4.75%
• Ages 65 and older	5.375 – 4.75%
Investment rate of return, net of expenses, including inflation*	GLI: 6.75%

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

Actuarial Assumptions and Other Inputs (Continued)

- * Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment rate for GASB purposes of slightly more than the assumed percent above. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be the percent noted above to simplify preparation of OPEB liabilities.

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 8.

Net OPEB Liability

The net OPEB liability represent each program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, net OPEB liability amounts for the VRS OPEB program is as follows (amounts expressed in thousands):

	Group Life Insurance Program
Total OPEB Liability	\$ 3,523,937
Plan fiduciary net position	\$ 1,855,102
Employers’ net OPEB liability (asset)	\$ 1,668,835
Plan fiduciary net position as a percentage of total OPEB liability	52.64%

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

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

Long-Term Expected Rate of Return

Group Life Insurance

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	34.00 %	4.65 %	1.58 %
Fixed Income	15.00	0.46	0.07
Credit Strategies	14.00	5.38	0.75
Real Assets	14.00	5.01	0.70
Private Equity	14.00	8.34	1.17
MAPS-Multi-Asset Public Strategies	6.00	3.04	0.18
PIP-Private Investment Partnership	3.00	6.49	0.19
Total	100.00 %		<u>4.64 %</u>
	Inflation		<u>2.50 %</u>
	*Expected arithmetic nominal return		<u>7.14 %</u>

* The above allocation provides for a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions for the FY2020 actuarial valuations provided a median return of 6.81%.

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 10. Other Postemployment Benefits Liability – Virginia Retirement System Plan (Continued)

Discount Rate

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liabilities of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75% GLI) or one percentage point higher (7.75% GLI) than the current discount rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
GLI Net OPEB liability	\$ 333,240	\$ 253,496	\$ 188,737

OPEB Plan Fiduciary Net Position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the OPEB Plan

At June 30, 2021, the following amounts were payable to the Virginia Retirement System for the legally required contributions related to June 2021 payroll.

- Group Life Insurance
\$ 1,276

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 11. Summary of Pension and Other Postemployment Benefits Elements

	Governmental Activities	Business-Type Activities	Total Primary Government
Deferred outflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 2,669	\$ 909	\$ 3,578
Changes of assumptions			
VRS	130,963	44,599	175,562
Net difference between projected and actual earnings on investments			
VRS	389,661	132,743	522,404
Employer contributions subsequent to the measurement date			
VRS	272,896	92,980	365,876
Total deferred outflows of resources – pensions	\$ 796,189	\$ 271,231	\$ 1,067,420
Deferred outflows of resources – OPEB			
Differences between expected and actual experience			
VRS GLI	\$ 14,633	\$ 1,626	\$ 16,259
Changes of assumptions			
Local plan	11,901	1,322	13,223
VRS GLI	11,410	1,268	12,678
Net difference between projected and actual earnings on investments			
VRS GLI	6,854	762	7,616
Employer contributions subsequent to the measurement date			
VRS GLI	14,288	1,588	15,876
Changes in proportional share			
VRS GLI	9,414	1,046	10,460
Total deferred outflows of resources – OPEB	\$ 68,500	\$ 7,612	\$ 76,112

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 11. Summary of Pension and Other Postemployment Benefit Elements (Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Net pension liability			
VRS	\$ 1,990,855	\$ 678,210	\$ 2,669,065
Total net pension liability	<u>\$ 1,990,855</u>	<u>\$ 678,210</u>	<u>\$ 2,669,065</u>
Net OPEB liability			
Local plan	\$ 285,291	\$ 33,274	\$ 318,565
VRS GLI	228,146	25,350	253,496
Total net OPEB liability	<u>\$ 513,437</u>	<u>\$ 58,624</u>	<u>\$ 572,061</u>
Deferred inflows of resources – pensions			
Difference between expected and actual experience			
VRS	\$ 215,839	\$ 73,528	\$ 289,367
Total deferred inflows of resources – pensions	<u>\$ 215,839</u>	<u>\$ 73,528</u>	<u>\$ 289,367</u>
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 114,453	\$ 12,719	\$ 127,172
VRS GLI	2,049	228	2,277
Change in assumptions			
Local plan	46,442	5,158	51,600
VRS GLI	4,764	529	5,293
Change in proportionate share			
VRS GLI	50,983	5,665	56,648
Total deferred inflow of resources – OPEB	<u>\$ 218,691</u>	<u>\$ 24,299</u>	<u>\$ 242,990</u>

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 12. Summary of Pension and Other Postemployment Benefit Expenses/Expenditures

	Governmental Activities	Business-Type Activities	Total Primary Government
Pension expense			
VRS	\$ 497,673	\$ 169,538	\$ 667,211
Total pension expense	\$ 497,673	\$ 169,538	\$ 667,211
OPEB expense			
Local plan	\$ 14,110	\$ 1,567	\$ 15,677
VRS GLI	2,518	280	2,798
Total OPEB expense	\$ 16,628	\$ 1,847	\$ 18,475

Note 13. Deferred Compensation Plan

Plan description

The Town offers its employees a deferred compensation plan created in accordance with *Internal Revenue Code* Section 457. The plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or qualifying hardship. The Town makes a matching contribution up to the equivalent of \$10 per month per employee.

All amounts of compensation deferred under the plan, all property and rights purchased with these amounts, and all income attributable to those amounts, property, or rights are held in trust by a third-party for the exclusive benefit of participants and their beneficiaries. For 2021, the Town's matching contributions totaled \$7,832.

Note 14. Service Contracts

Sewage Treatment

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

Water Purchases/Sales

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

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 15. Property Taxes

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

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

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

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

Note 16. Leases

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

The Town also leases vehicles for 60 months. As of June 30, 2021, the Town has leased 35 vehicles, primarily for public safety, through this agreement. The monthly payments per vehicle range from approximately \$440 to \$860 per month. Lease expense for the years ended June 30, 2021 and 2020 was \$122,516 and \$101,027, respectively. Estimated future minimum lease payments are as follows:

2022	\$	240,187
2023		159,882
2024		151,314
2025		77,210
2026		6,858
		<hr/>
	\$	<u>635,451</u>

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 17. Risk Management

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

Workers' Compensation

Workers' compensation insurance is provided through the Virginia Municipal League. During 2020-2021, total premiums paid were approximately \$65,000. Benefits are those afforded through Commonwealth of Virginia as outlined in the *Code of Virginia* Section 65.2-100; premiums are based upon covered payroll, job rates, and claims experience.

General Liability

The Town provides general liability and other insurance through policies with Virginia Municipal Self-Insurance Association. During 2020-2021, total premiums paid were approximately \$93,000. General liability and business automobile have a \$1,000,000 limit per occurrence. Boiler and machinery coverage and property insurance have a \$5,000,000 limit per accident. The Town maintains an additional \$4,000,000 per occurrence umbrella policy over all forms of liability insurance. Police professional liability and public officials' liability insurance with a \$1,000,000 limit are covered through a policy with the Commonwealth of Virginia.

There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage.

Healthcare

The Town provides healthcare coverage for employees through a policy with Anthem Blue Cross Blue Shield. The Town contributes the required premium amount for single coverage for each employee. Dependents of employees are also covered by the policy provided they pay the additional premium to the Town. During 2020-2021, total premiums paid were approximately \$606,000.

Note 18. Commitments and Contingencies

Special Purpose Grants

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

Landfill Closure and Post-Closure Costs

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

Closure and post-closure care requirements are mandated under the United States Environmental Protection Agency (EPA) rule, *Solid Waste Disposal Facility Criteria*, and are subject to periodic revisions by the EPA. The current estimate of remaining closure and post-closure care costs, assuming full utilization of the sites, is approximately \$16.4 million. The participating localities have contributed their pro-rata shares to fund the closure and post-closure care costs.

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 18. Commitments and Contingencies (Continued)

Roanoke County Service Agreement – Vinton Business Center

Effective July 1, 2019, the Town of Vinton and Roanoke County entered into a service agreement that formalized revenues and services shared by the local governments. The agreement also mentions the continuation of the Vinton Business Center, previously MacDonald Farm, that was previously in a gain-sharing agreement that ended in 2019. The Town and County jointly share the costs of development and revenues generated by this project. The Town and County must also jointly agree before any future improvements are made to the property or before portions of the property are sold. No major improvements were commenced during the current year.

Roanoke County/Vinton Branch Library

On September 6, 2011, the Town and Roanoke County reached an agreement to purchase property for a Roanoke County/Vinton Branch Library to be built by Roanoke County. The property cost \$1.25 million, and the Town is responsible for half of that amount, or \$625,000. Roanoke County is responsible for the remainder of the costs. The Town made an additional \$100,000 good faith advance payment in fiscal year 2012 with the remaining costs for the project to be spread out over the next 10 years. The Town paid \$50,000 each year for year's one through five, and \$55,500 per year in years six through ten. The Town made its final \$55,500 payment, which was included in principal retirement expenditures on the fund statement, in fiscal year 2021. Roanoke County owns the property.

Note 19. Major Customer/Taxpayer

During fiscal year 2021, approximately 7.7% of the Town's business-type revenues were generated by one industrial customer.

Note 20. Interfund Activity

The primary purpose of the \$409,740 from the general fund and \$249,738 from the water and sewer fund to the stormwater management fund was to cover obligations of stormwater fund. The primary purpose of the \$1,698,723 from the general fund to the capital projects fund was to cover capital outlays for the capital projects fund. The \$7,860 transfer from grant fund to general fund was to cover community development expenditures.

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 21. Fund Balances

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

	General Fund	Capital Projects Fund
Nonspendable:		
Inventories	\$ 70	\$ -
Land held for resale	495,239	-
Prepays	20,201	-
CDBG revolving loan	62,884	-
Vinyard Flower Fund	20,875	-
Total nonspendable	599,269	-
Restricted for:		
Public safety	406,739	-
Committed:		
General government administration	-	1,366,195
Total committed	-	1,366,195
Assigned:		
General government administration	9,210	-
Health and welfare	20,392	-
Capital outlay	56,174	-
Total assigned	85,776	-
Unassigned	3,465,134	-
Total fund balance	\$ 4,556,918	\$ 1,366,195

The Stormwater Management Fund was created in 2017 and has carried a negative fund balance since inception until transfers in 2021 were made to cover this deficit. It is used to track costs related to stormwater and currently funded by transfers from the General Fund and Water and Sewer Fund. Staff is working with Town council to move towards a fee to sustain the fund.

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

Note 22. COVID-19 Impact

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Town’s operations are heavily dependent on the ability to raise taxes, assess fees, and access the capital markets. Additionally, access to grants and contracts from federal and state governments may decrease or may not be available depending on appropriations. The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This situation has depressed the tax bases and other areas in which the Town received revenue during fiscal year 2021. As such, the Town’s financial condition and liquidity will be negatively impacted for the fiscal year 2022.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Town’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

Note 23. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance** due to the COVID-19 pandemic.

In June 2017, the GASB issued **Statement No. 87, Leases**. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In May 2019, the GASB issued **Statement No. 91, Conduit Debt Obligations**. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92, Omnibus**. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

(Continued)

TOWN OF VINTON, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 23. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

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

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REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
June 30, 2021

	Plan Year						
	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 406,156	\$ 468,134	\$ 478,932	\$ 443,567	\$ 426,921	\$ 450,265	\$ 430,229
Interest on total pension liability	1,313,647	1,285,883	1,218,558	1,197,526	1,167,910	1,112,256	1,065,284
Difference between expected and actual experience	(477,134)	(51,996)	361,554	(356,343)	(201,924)	139,140	-
Changes in assumptions	-	565,700	-	8,604	-	-	-
Benefit payments, including refunds of employee contributions	(1,180,514)	(1,171,567)	(1,022,942)	(962,861)	(976,757)	(836,477)	(812,476)
Net change in total pension liability	62,155	1,096,154	1,036,102	330,493	416,150	865,184	683,037
Total pension liability - beginning	20,051,700	18,955,546	17,919,444	17,588,951	17,172,801	16,307,617	15,624,580
Total pension liability - ending	20,113,855	20,051,700	18,955,546	17,919,444	17,588,951	17,172,801	16,307,617
Plan Fiduciary Net Position							
Contributions - employer	350,377	413,427	401,879	393,323	405,320	413,851	307,429
Contributions - employee	147,474	173,246	181,566	177,392	164,126	181,194	184,601
Net investment income	336,025	1,133,463	1,210,341	1,821,216	257,935	673,666	2,045,884
Benefit payments, including refunds of employee contributions	(1,180,514)	(1,171,567)	(1,022,942)	(962,861)	(976,757)	(836,477)	(812,476)
Administrative expenses	(11,803)	(11,552)	(10,609)	(10,681)	(9,605)	(9,337)	(11,195)
Other	(393)	(711)	(1,071)	(1,613)	(111)	(144)	108
Net change in plan fiduciary net position	(358,834)	536,306	759,164	1,416,776	(159,092)	422,753	1,714,351
Plan fiduciary net position - beginning	17,803,624	17,267,318	16,508,154	15,091,378	15,250,470	14,827,717	13,113,366
Plan fiduciary net position - ending	17,444,790	17,803,624	17,267,318	16,508,154	15,091,378	15,250,470	14,827,717
Net pension liability - ending	\$ 2,669,065	\$ 2,248,076	\$ 1,688,228	\$ 1,411,290	\$ 2,497,573	\$ 1,922,331	\$ 1,479,900
Plan fiduciary net position as a percentage of total pension liability	87%	89%	91%	92%	86%	89%	91%
Covered payroll	\$ 3,129,677	\$ 3,634,236	\$ 3,762,660	\$ 3,664,576	\$ 3,289,982	\$ 3,353,343	\$ 3,699,186
Net pension liability as a percentage of covered payroll	85%	62%	45%	39%	76%	57%	40%

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year – i.e., plan year 2020 information was presented in the entity's fiscal year 2021 financial report.

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

The Notes to Required Supplementary Information are an integral part of this statement.

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2021

Entity Fiscal Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Primary Government					
2021	\$ 365,876	\$ 365,876	-	\$ 2,959,006	12.36%
2020	365,794	365,794	-	3,129,677	11.69%
2019	424,410	424,410	-	3,634,236	11.68%
2018	411,289	411,289	-	3,762,660	10.93%
2017	400,540	400,540	-	3,664,576	10.93%
2016	407,958	407,958	-	3,289,982	12.40%
2015	415,814	415,814	-	3,353,343	12.40%

Schedule is intended to show information for 10 years. Since 2015 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

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

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – LOCAL PLAN
 June 30, 2021

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Fiscal Year 2018</u>
	<u>Local Plan</u>	<u>Local Plan</u>	<u>Local Plan</u>	<u>Local Plan</u>
Total OPEB Liability				
Service cost	\$ 37,413	\$ 35,863	\$ 47,628	\$ 49,307
Interest on total OPEB liability	7,195	18,608	18,664	15,730
Economic/demographic gains	-	(171,794)	-	-
Changes in assumptions	1,261	(56,902)	20,076	(17,718)
Benefit payments	<u>(30,810)</u>	<u>(35,806)</u>	<u>(14,834)</u>	<u>(10,820)</u>
Net change in total OPEB liability	15,059	(210,031)	71,534	36,499
Total OPEB liability - beginning	<u>303,506</u>	<u>513,537</u>	<u>442,003</u>	<u>405,504</u>
Total OPEB liability - ending	<u>318,565</u>	<u>303,506</u>	<u>513,537</u>	<u>442,003</u>
Plan Fiduciary Net Position				
Contributions - employer	30810	35,806	14,834	10,820
Benefit payments	<u>(30,810)</u>	<u>(35,806)</u>	<u>(14,834)</u>	<u>(10,820)</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability - ending	<u>\$ 318,565</u>	<u>\$ 303,506</u>	<u>\$ 513,537</u>	<u>\$ 442,003</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered payroll	<u>\$ 3,103,615</u>	<u>\$ 2,896,572</u>	<u>\$ 3,831,682</u>	<u>\$ 3,831,682</u>
Net OPEB liability as a percentage of covered payroll	<u>10.26%</u>	<u>10.48%</u>	<u>13.40%</u>	<u>11.54%</u>

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

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY – VRS GLI
June 30, 2021

Entity Fiscal Year Ended June 30	Employer's Proportion of the Net OPEB Liability (Asset)	Employer's Proportionate Share of the Net OPEB Liability (Asset)	Covered Payroll	Employer's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
Virginia Retirement System - Group Life Insurance - General Employees					
2021	0.01519%	\$ 253,496	\$ 3,129,677	8.10%	52.64%
2020	0.01850%	301,000	3,634,236	8.28%	52.00%
2019	0.01983%	301,000	3,762,660	8.00%	51.22%
2018	0.01989%	299,000	3,664,576	8.16%	48.86%

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

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

TOWN OF VINTON, VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS – VRS GLI
June 30, 2021

Entity Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Virginia Retirement System - Group Life Insurance - General Employees					
2021	\$ 15,876	\$ 15,876	\$ -	\$ 2,959,006	0.54%
2020	18,325	18,325	-	3,129,677	0.59%
2019	18,863	18,863	-	3,634,236	0.52%
2018	19,610	19,610	-	3,762,660	0.52%

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

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

TOWN OF VINTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2021

Note 1. Changes of Benefit Terms

Pension

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

Other Postemployment Benefits (OPEB)

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

Note 2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates at older ages and extended final retirement age from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered rates of disability retirement
- No changes to salary rates
- Increase Line of Duty Disability rates from 14% to 20%
- Decrease discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

Largest 10 – Hazardous Duty/Public Safety Employees:

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Increased disability rates
- No changes to salary rates
- Increased Line of Duty disability rates from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension and GLI OPEB

(Continued)

TOWN OF VINTON, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION June 30, 2021

Note 2. Changes of Assumptions (Continued)

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

- Update mortality table to RP-2014 projected to 2020
- Lowered rates of retirement at older ages and changed final retirement from 70 to 75
- Update withdrawal rates to better fit experience at each age and service year
- Lowered disability rates
- No changes to salary rates
- Increased Line of Duty disability rate from 14% to 15%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB

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

- Update mortality table to RP-2014 projected to 2020
- Increased retirement rate at age 50 and lowered rates at older ages
- Update withdrawal rates to better fit experience at each age and service year
- Update disability rates to better fit experience
- No changes to salary rates
- Lowered Line of Duty rate from 60% to 45%
- Decreased discount rate from 7.00% to 6.75%
- Applicable to: Pension, GLI OPEB

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Table</u>
Financial Trends	1-4
These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	
Revenue Capacity	5-8
These tables contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes, as well as customer rates for its water and sewer operations.	
Debt Capacity	9-11
These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	12-13
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	14-16
These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	

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

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

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

TABLE 1

TOWN OF VINTON, VIRGINIA

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

	<u>2021</u>	<u>2020</u>	<u>2019¹</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Governmental activities										
Net investment in capital assets	\$ 7,899,269	\$ 6,634,748	\$ 6,747,977	\$ 6,548,322	\$ 6,638,792	\$ 6,225,603	\$ 5,929,925	\$ 5,427,254	\$ 5,704,050	\$ 5,919,643
Restricted	406,739	74,711	180,691	206,673	132,387	209,649	235,246	190,161	91,676	-
Unrestricted	3,558,937	2,849,241	1,248,869	673,717	770,368	801,646	499,226	2,291,758	2,219,240	1,972,859
Total governmental activities net position	<u>\$ 11,864,945</u>	<u>\$ 9,558,700</u>	<u>\$ 8,177,537</u>	<u>\$ 7,428,712</u>	<u>\$ 7,541,547</u>	<u>\$ 7,236,898</u>	<u>\$ 6,664,397</u>	<u>\$ 7,909,173</u>	<u>\$ 8,014,966</u>	<u>\$ 7,892,502</u>
Business-type activities										
Net investment in capital assets	\$ 4,818,286	\$ 4,424,574	\$ 5,051,330	\$ 4,760,652	\$ 4,862,273	\$ 4,880,340	\$ 5,184,003	\$ 4,834,097	\$ 4,853,969	\$ 4,838,640
Unrestricted	2,905,885	2,364,985	1,606,517	1,823,180	1,504,611	1,035,813	117,415	410,722	394,976	339,523
Total business-type activities net position	<u>\$ 7,724,171</u>	<u>\$ 6,789,559</u>	<u>\$ 6,657,847</u>	<u>\$ 6,583,832</u>	<u>\$ 6,366,884</u>	<u>\$ 5,916,153</u>	<u>\$ 5,301,418</u>	<u>\$ 5,244,819</u>	<u>\$ 5,248,945</u>	<u>\$ 5,178,163</u>
Primary government										
Net investment in capital assets	\$ 12,717,555	\$ 11,059,322	\$ 11,799,307	\$ 11,308,974	\$ 11,501,065	\$ 11,105,943	\$ 11,113,928	\$ 10,261,351	\$ 10,558,019	\$ 10,758,283
Restricted	406,739	74,711	180,691	206,673	132,387	209,649	235,246	190,161	91,676	-
Unrestricted	6,464,822	5,214,226	2,855,386	2,496,897	2,274,979	1,837,459	616,641	2,702,480	2,614,216	2,312,382
Total primary government net position	<u>\$ 19,589,116</u>	<u>\$ 16,348,259</u>	<u>\$ 14,835,384</u>	<u>\$ 14,012,544</u>	<u>\$ 13,908,431</u>	<u>\$ 13,153,051</u>	<u>\$ 11,965,815</u>	<u>\$ 13,153,992</u>	<u>\$ 13,263,911</u>	<u>\$ 13,070,665</u>

¹ Restated

TABLE 2

TOWN OF VINTON, VIRGINIA
CHANGE IN NET POSITION BY COMPONENT
Last Ten Fiscal Years
(accrual basis of accounting)

	2021 ²	2020	2019 ¹	2018	2017	2016	2015	2014	2013	2012
Expenses										
Governmental activities										
General government	\$ 2,679,302	\$ 1,391,690	\$ 1,049,355	\$ 962,685	\$ 992,699	\$ 1,001,560	\$ 927,954	\$ 962,341	\$ 942,315	\$ 948,803
Public safety	2,303,536	2,941,870	3,566,718	3,686,891	3,926,763	3,340,624	3,418,566	3,339,148	3,238,361	3,214,622
Public works	2,077,098	1,748,237	1,890,909	1,893,248	2,011,469	2,026,305	2,021,994	1,993,713	2,074,464	2,062,430
Parks, recreation, and cultural	444,103	477,604	539,309	517,122	591,208	591,342	621,897	635,252	588,649	553,866
Community development	298,949	679,173	461,068	416,637	479,973	447,908	427,409	575,557	398,517	1,034,510
Interest on long-term debt	68,126	76,732	92,062	94,963	106,756	126,164	193,242	200,584	143,455	183,672
Total governmental activities	<u>7,871,114</u>	<u>7,315,306</u>	<u>7,599,421</u>	<u>7,571,546</u>	<u>8,108,868</u>	<u>7,533,903</u>	<u>7,611,062</u>	<u>7,706,595</u>	<u>7,385,761</u>	<u>7,997,903</u>
Business-type activities										
Water and sewer	3,674,669	3,488,665	3,535,493	3,279,827	3,088,256	3,103,779	2,994,485	3,174,896	2,946,127	3,044,342
Stormwater management	399,797	364,142	337,655	253,188	419,957	-	-	-	-	-
Total business-type activities expense	<u>4,074,466</u>	<u>3,852,807</u>	<u>3,873,148</u>	<u>3,533,015</u>	<u>3,508,213</u>	<u>3,103,779</u>	<u>2,994,485</u>	<u>3,174,896</u>	<u>2,946,127</u>	<u>3,044,342</u>
Total primary government expenses	<u>\$ 11,945,580</u>	<u>\$ 11,168,113</u>	<u>\$ 11,472,569</u>	<u>\$ 11,104,561</u>	<u>\$ 11,617,081</u>	<u>\$ 10,637,682</u>	<u>\$ 10,605,547</u>	<u>\$ 10,881,491</u>	<u>\$ 10,331,888</u>	<u>\$ 11,042,245</u>
Program Revenues										
Governmental activities										
Charges for services										
Public safety	\$ 73,441	\$ 125,573	\$ 127,096	\$ 93,599	\$ 118,454	\$ 63,735	\$ 72,356	\$ 88,364	\$ 89,115	\$ 91,196
Public works	125,833	72,594	84,876	110,167	110,145	110,099	110,295	110,425	110,115	110,460
Other activities	177,063	221,880	489,012	506,160	540,600	559,171	570,459	554,666	495,133	440,883
Operating grants and contributions	1,742,419	1,966,475	1,531,540	1,539,975	1,666,789	1,389,380	1,426,127	1,382,744	1,287,108	1,281,998
Capital grants and contributions	624,924	309,973	72,006	84,184	408,362	317,643	384,074	114,966	53,749	66,545
Total governmental activities program revenues	<u>2,743,680</u>	<u>2,696,495</u>	<u>2,304,530</u>	<u>2,334,085</u>	<u>2,844,350</u>	<u>2,440,028</u>	<u>2,563,311</u>	<u>2,251,165</u>	<u>2,035,220</u>	<u>1,991,082</u>
Business-type activities										
Charges for services										
Water and sewer	3,782,766	3,423,342	3,386,429	3,354,057	3,398,582	3,437,535	3,195,850	3,002,970	2,754,147	2,753,851
Capital grants and contributions	364,920	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>4,147,686</u>	<u>3,423,342</u>	<u>3,386,429</u>	<u>3,354,057</u>	<u>3,398,582</u>	<u>3,437,535</u>	<u>3,195,850</u>	<u>3,002,970</u>	<u>2,754,147</u>	<u>2,753,851</u>
Total primary government program revenues	<u>\$ 6,891,366</u>	<u>\$ 6,119,837</u>	<u>\$ 5,690,959</u>	<u>\$ 5,688,142</u>	<u>\$ 6,242,932</u>	<u>\$ 5,877,563</u>	<u>\$ 5,759,161</u>	<u>\$ 5,254,135</u>	<u>\$ 4,789,367</u>	<u>\$ 4,744,933</u>
Net (expense) revenue										
Governmental activities	\$ (5,127,434)	\$ (4,618,811)	\$ (5,294,891)	\$ (5,237,461)	\$ (5,264,518)	\$ (5,093,875)	\$ (5,047,751)	\$ (5,455,430)	\$ (5,350,541)	\$ (6,006,821)
Business-type activities	<u>73,220</u>	<u>(429,465)</u>	<u>(486,719)</u>	<u>(178,958)</u>	<u>(109,631)</u>	<u>333,756</u>	<u>201,365</u>	<u>(171,926)</u>	<u>(191,980)</u>	<u>(290,491)</u>
Total primary government net expense	<u>\$ (5,054,214)</u>	<u>\$ (5,048,276)</u>	<u>\$ (5,781,610)</u>	<u>\$ (5,416,419)</u>	<u>\$ (5,374,149)</u>	<u>\$ (4,760,119)</u>	<u>\$ (4,846,386)</u>	<u>\$ (5,627,356)</u>	<u>\$ (5,542,521)</u>	<u>\$ (6,297,312)</u>

TABLE 2
(Continued)

TOWN OF VINTON, VIRGINIA

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

	2021 ²	2020	2019 ¹	2018	2017	2016	2015	2014	2013	2012
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 759,771	\$ 749,564	\$ 726,573	\$ 684,319	\$ 697,622	\$ 640,391	\$ 539,764	\$ 448,349	\$ 453,135	\$ 510,558
Sales tax	1,236,214	1,153,748	1,469,693	1,370,590	1,436,325	1,348,456	1,320,700	1,287,437	1,284,455	1,247,566
Meals tax	1,417,813	1,289,457	1,078,908	966,053	953,721	955,488	912,713	900,591	912,226	909,814
Utilities tax	689,181	718,109	735,791	756,225	755,985	767,736	782,869	787,097	785,555	782,487
Pari-mutuel tax	643,785	-	-	-	-	-	-	-	-	-
Business license tax	672,841	638,888	586,739	482,003	500,713	508,747	489,749	517,111	491,996	460,638
Bank stock tax	226,925	-	-	-	-	-	-	-	-	-
Cigarette tax	145,993	-	-	-	-	-	-	-	-	-
Vehicle license fee	187,918	-	-	-	-	-	-	-	-	-
Other taxes	44,584	1,033,340	667,667	616,344	585,378	576,896	561,080	628,177	692,669	698,412
Intergovernmental revenue not program restricted	1,702,176	134,486	812,923	770,645	773,690	744,247	768,956	756,199	807,117	773,617
Restricted intergovernmental revenue	-	383,932	-	-	-	-	-	-	-	-
Investment earnings not restricted	21,792	42,406	50,854	25,780	19,406	17,709	15,438	14,540	4,434	3,020
Restricted investment earnings	-	3	-	-	-	-	60,746	59,628	-	-
Gain on disposal of property	-	-	16,580	-	-	-	7,444	6,516	-	-
Other	94,426	37,669	69,900	57,781	66,305	106,706	27,002	21,752	41,418	184,846
Transfers	(409,740)	(181,628)	(171,912)	(140,298)	(219,978)	-	-	-	-	500,000
Total governmental activities	7,433,679	5,999,974	6,043,716	5,589,442	5,569,167	5,666,376	5,486,461	5,427,397	5,473,005	6,070,958
Business-type activities:										
Investment earnings not restricted	4,355	8,271	9,009	7,627	2,172	989	-	7	66	414
Restricted investment earnings	757	-	-	525	94	329	1,353	5,301	762	91
Other	446,540	371,278	379,813	299,102	338,118	279,661	250,562	255,135	261,934	287,359
Transfers	409,740	181,628	171,912	140,298	219,978	-	-	-	-	(500,000)
Total business-type activities	861,392	561,177	560,734	447,552	560,362	280,979	251,915	260,443	262,762	(212,136)
Total primary government	\$ 8,295,071	\$ 6,561,151	\$ 6,604,450	\$ 6,036,994	\$ 6,129,529	\$ 5,947,355	\$ 5,738,376	\$ 5,687,840	\$ 5,735,767	\$ 5,858,822
Changes in Net Position										
Governmental activities	\$ 2,306,245	\$ 1,381,163	\$ 748,825	\$ 351,981	\$ 304,649	\$ 572,501	\$ 438,710	\$ (28,033)	\$ 122,464	\$ 64,137
Business-type activities	934,612	131,712	74,015	268,594	450,731	614,735	453,280	88,517	70,782	(502,627)
Total primary government	\$ 3,240,857	\$ 1,512,875	\$ 822,840	\$ 620,575	\$ 755,380	\$ 1,187,236	\$ 891,990	\$ 60,484	\$ 193,246	\$ (438,490)

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

¹ Restated

² Pari-mutuel tax, bank stock tax, cigarette tax, and vehicle license tax separately presented from other local taxes started in 2021. Prior years are not restated.

TABLE 3

TOWN OF VINTON, VIRGINIA

**FUND BALANCES – GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<u>2021</u>	<u>2020</u>	<u>2019¹</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund										
Nonspendable	\$ 599,269	\$ 655,751	\$ 323,947	\$ 103,927	\$ 89,382	\$ 62,048	\$ 59,817	\$ 60,358	\$ 19,101	\$ 62,746
Restricted	406,739	74,711	180,691	206,673	132,387	209,649	235,246	190,161	274,908	17,068
Committed	-	30,000	30,000	30,000	-	-	-	-	-	-
Assigned	85,776	3,583	38,621	-	-	-	-	-	-	-
Unassigned	<u>3,465,134</u>	<u>3,668,974</u>	<u>2,945,887</u>	<u>2,881,906</u>	<u>2,578,193</u>	<u>2,607,524</u>	<u>2,361,436</u>	<u>2,919,657</u>	<u>2,837,802</u>	<u>2,584,947</u>
Total general fund	<u>\$4,556,918</u>	<u>\$4,433,019</u>	<u>\$3,519,146</u>	<u>\$3,222,506</u>	<u>\$2,799,962</u>	<u>\$2,879,221</u>	<u>\$2,656,499</u>	<u>\$3,170,176</u>	<u>\$3,131,811</u>	<u>\$2,664,761</u>
Capital Projects Fund										
Committed	<u>\$1,366,195</u>	<u>\$ 397,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

¹ Restated

TABLE 4

TOWN OF VINTON, VIRGINIA

**CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	2021	2020	2019 ¹	2018	2017	2016	2015	2014	2013	2012
Revenues										
Taxes	\$ 5,995,664	\$ 5,606,084	\$ 5,246,337	\$ 4,868,746	\$ 4,904,946	\$ 4,845,354	\$ 4,469,823	\$ 4,562,633	\$ 4,597,882	\$ 4,529,953
Permits, privilege fees, and regulatory licenses	5,490	4,592	6,408	8,955	8,712	9,788	12,403	9,085	10,861	9,273
Fines and forfeitures	52,305	54,486	60,652	71,210	75,085	51,631	56,503	75,059	73,107	75,989
Revenue from use of money and property	139,588	159,655	169,995	148,433	136,695	141,889	197,241	198,625	105,998	105,666
Charges for services	69,391	115,380	382,806	377,369	418,042	452,903	438,558	407,900	387,049	333,832
Other	131,824	134,151	136,351	137,547	150,967	138,589	129,124	149,957	72,337	18,522
Intergovernmental	4,163,472	2,826,727	2,481,996	2,444,777	2,965,777	2,612,197	2,411,620	2,243,120	2,239,992	2,303,286
Total revenues	10,557,734	8,901,075	8,484,545	8,057,037	8,660,224	8,252,351	7,715,272	7,646,379	7,487,226	7,376,521
Expenditures										
General government	2,474,141	835,575	711,058	695,683	650,824	710,412	668,082	645,071	632,136	618,951
Public safety	2,155,855	2,821,897	3,577,731	3,703,343	3,649,236	3,304,624	3,313,099	3,201,533	3,005,917	2,948,155
Public works	1,395,665	1,377,264	1,485,888	1,775,465	1,749,305	1,942,260	1,918,439	1,795,602	1,892,656	1,834,120
Parks, recreation, and cultural	500,690	457,443	515,693	533,892	570,065	594,550	617,934	620,636	547,604	518,579
Community development	571,140	871,782	458,435	485,624	889,397	687,006	604,476	468,678	386,592	544,245
Capital projects	1,450,148	533,151	948,721	37,880	463,945	437,389	551,936	140,478	542,235	160,752
Debt service:										
Principal retirement	452,490	446,651	414,532	436,700	535,374	404,038	379,843	372,923	335,766	267,595
Interest and fiscal charges	62,640	64,540	77,568	83,210	91,789	115,486	182,584	186,377	174,699	185,715
Bond issuance costs	-	-	-	-	-	15,920	-	-	36,638	-
Total expenditures	9,062,769	7,408,303	8,189,626	7,751,797	8,599,935	8,211,685	8,236,393	7,431,298	7,554,243	7,078,112
Excess (deficiency) of revenues over expenditures	1,494,965	1,492,772	294,919	305,240	60,289	40,666	(521,121)	215,081	(67,017)	298,409
Other Financing Sources (Uses)										
Proceeds from long-term debt	321,000	-	157,053	-	-	702,000	-	-	2,411,641	-
Payments to refunded bond escrow agent	(313,402)	-	-	-	-	(686,080)	-	-	(2,190,889)	-
Proceeds from capital lease	-	-	-	257,602	-	136,599	-	-	313,315	-
Proceeds from sale of capital assets	-	-	16,580	-	80,430	29,537	7,444	6,516	-	130,951
Transfers in (out)	(409,740)	(181,628)	(171,912)	(140,298)	(219,978)	-	-	-	-	500,000
Total other financing sources (uses)	(402,142)	(181,628)	1,721	117,304	(139,548)	182,056	7,444	6,516	534,067	630,951
Net change in fund balances	\$ 1,092,823	\$ 1,311,144	\$ 296,640	\$ 422,544	\$ (79,259)	\$ 222,722	\$ (513,677)	\$ 221,597	\$ 467,050	\$ 929,360
Debt service as a percentage of noncapital expenditures	6.83%	7.29%	6.33%	6.82%	7.92%	6.90%	7.50%	7.58%	7.21%	6.49%

¹ Restated

TABLE 5

TOWN OF VINTON, VIRGINIA

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

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Public Service Corporation	Mobile Homes	Total Assessed Value	Total Direct Tax Rate	Actual Taxable Value	Value as a Percentage of Assessed Value
2021	\$ 532,984,500	\$ 55,680,797	\$ 8,592,840	\$20,746,790	\$ 31,140	\$618,036,067	\$ 0.07	\$ 618,036,067	100%
2020	508,108,700	52,015,192	7,308,830	18,865,440	26,500	586,324,662	0.07	586,324,662	100
2019	488,906,400	50,021,021	9,451,620	18,380,300	33,600	566,792,941	0.07	566,792,941	100
2018	477,273,000	45,927,462	8,177,340	17,911,880	52,550	549,342,232	0.07	549,342,232	100
2017	467,013,600	45,889,795	7,448,120	17,210,450	40,250	537,602,215	0.07	537,602,215	100
2016	461,728,300	45,958,231	7,146,010	17,038,560	38,300	531,909,401	0.07	531,909,401	100
2015	458,804,800	45,024,930	6,934,930	17,364,350	42,930	528,171,940	0.06	528,171,940	100
2014	455,632,200	45,223,230	6,882,820	13,713,107	45,720	521,497,077	0.06	521,497,077	100
2013	456,795,100	43,698,440	7,310,490	14,385,245	47,520	522,236,795	0.06	522,236,795	100
2012	465,957,200	43,682,200	7,232,260	15,347,180	46,800	532,265,640	0.06	532,265,640	100

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

TABLE 6

TOWN OF VINTON, VIRGINIA

**PRINCIPAL WATER AND SEWER CUSTOMERS
Current Year and Nine Years Ago**

Customer	Fiscal Year 2021			Fiscal Year 2012		
	Revenue	Rank	Percentage of Total Town Revenue	Revenue	Rank	Percentage of Total Town Revenue
Precision Fabrics Group, Inc.	\$ 353,790	1	7.69 %	\$ 212,456	1	7.54 %
Aramark	146,734	2	3.19	114,591	2	4.07
Blue Ridge Manor Apartments	75,667	3	1.65	41,526	5	1.47
Berkshire	63,196	4	1.37	86,497	4	3.07
RGM Properties	45,142	5	0.98	27,354	7	0.97
Roanoke County Schools	44,332	6	0.96	27,225	8	-
Nichols Car Wash	43,682	7	0.95	-	-	-
Colonial Downs	34,554	8	0.75	-	-	-
Cardinal Glass	27,069	9	0.59	92,959	3	3.30
Hometown Holdings	25,649	10	0.56	-	-	-
	<u>\$ 859,815</u>			<u>\$ 602,608</u>		

Source: Town of Vinton Finance Department

1) FY 2021 % was based on total water and sewer revenue of \$4,599,338

2) FY 2012 % was based on total water and sewer revenue of \$2,817,994

TOWN OF VINTON, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2021	\$ 978,698	\$ 886,202	92.28%	\$ -	\$ 886,202	90.55%
2020	948,341	875,175	92.28	26,942	902,117	92.28
2019	936,327	842,667	90.00	21,006	863,673	92.24
2018	874,622	823,616	94.17	14,960	838,576	95.88
2017	859,822	826,673	96.14	20,321	846,994	98.51
2016	853,737	785,340	91.99	13,902	799,242	93.62
2015	736,979	650,501	88.27	13,365	663,866	90.08
2014	645,360	610,294	94.57	12,010	622,304	96.43
2013	635,711	598,141	94.09	13,626	611,767	96.23
2012	637,626	600,406	94.16	13,528	613,934	96.28

Source: Detailed Town property tax records.

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

TOWN OF VINTON, VIRGINIA

WATER AND SEWER RATES
Last Ten Fiscal Years

Fiscal Year	Residential ¹		Commercial ²	
	First 3,000 Gallons or Less		First 1,500 Gallons or Less	
	Water	Sewer	Water	Sewer
2021	\$ 11.88	\$ 20.52	\$ 5.94	\$ 10.26
2020 ³	11.00	19.00	5.50	9.50
2019	18.85	27.68	9.43	13.84
2018	18.85	27.68	9.43	13.84
2017	18.85	27.68	9.43	13.84
2016	18.85	27.68	9.43	13.84
2015	18.85	27.68	9.43	13.84
2014	17.31	25.42	8.66	12.71
2013	15.92	23.39	7.97	11.68
2012	15.92	23.39	7.97	11.68

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

¹ Residential minimum charges are billed on a bi-monthly basis

² Commercial minimum charges are billed on a monthly basis

³ As of January 1, 2020, all consumption is billed at the volumetric rate.

TABLE 9

TOWN OF VINTON, VIRGINIA

**LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Debt limit	\$ 61,803,607	\$ 58,632,466	\$ 56,679,294	\$ 54,934,223	\$ 53,760,222	\$ 53,190,940	\$ 52,817,194	\$ 52,149,708	\$ 51,809,508	\$ 53,226,564
Total net debt applicable to limit	8,849,714	5,080,683	5,765,236	6,407,378	7,094,822	7,757,263	8,344,738	8,959,814	10,118,536	7,125,222
Legal debt margin	<u>\$ 52,953,893</u>	<u>\$ 53,551,783</u>	<u>\$ 50,914,058</u>	<u>\$ 48,526,845</u>	<u>\$ 46,665,400</u>	<u>\$ 45,433,677</u>	<u>\$ 44,472,456</u>	<u>\$ 43,189,894</u>	<u>\$ 41,690,972</u>	<u>\$ 46,101,342</u>
Total net debt applicable to the limit as a percentage of debt limit	14.32%	8.67%	10.17%	11.66%	13.20%	14.58%	15.80%	17.18%	19.53%	13.39%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	<u>\$ 618,036,067</u>
Debt limit (10% of assessed value)	\$ 61,803,607
Less debt applicable to limit:	
General obligation bonds	<u>8,849,714</u>
Legal debt margin	<u>\$ 52,953,893</u>

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

TABLE 10

TOWN OF VINTON, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business Type Activities				
	General Obligation Bonds ¹	Revenue Bonds ¹	Capital Leases	Obligations Payable	Total	General Obligation Bonds ¹	Revenue Bonds ¹	Obligations Payable	Capital Leases	Total
2021	\$ 1,670,595	\$ -	\$ 239,046	\$ 11,200	\$ 1,920,841	\$ 7,179,119	\$ 1,338,000	\$ 379,277	\$ 433,119	\$ 9,329,515
2020	2,000,040	-	296,746	75,352	2,372,138	3,095,449	1,513,000	221,589	558,344	5,388,382
2019	2,328,839	-	352,931	139,296	2,821,066	3,453,480	1,687,000	236,861	666,344	6,043,685
2018	2,637,173	-	240,612	203,036	3,080,821	3,789,564	1,852,617	252,532	498,198	6,392,911
2017	2,940,783	-	54,837	266,576	3,262,196	4,175,676	2,015,327	266,363	-	6,457,366
2016	3,242,029	-	230,969	327,424	3,800,422	4,539,723	2,184,037	280,605	-	7,004,365
2015	3,488,651	-	159,415	385,080	4,033,146	4,892,861	2,150,851	294,516	-	7,338,228
2014	3,724,405	-	209,262	442,548	4,376,215	5,235,409	2,274,519	-	-	7,509,928
2013	4,056,402	-	257,549	425,000	4,738,951	5,941,895	2,393,190	-	-	8,335,085
2012	2,733,027	1,377,256	-	475,000	4,585,283	3,950,222	2,506,858	-	-	6,457,080

Fiscal Year	Total Primary Government ¹	Total Taxable Assessed Value	Net General Bonded Debt to Estimated Actual Value of Taxable Property	Population	Bonded Debt Per Capita	Per Capita Personal Income	Net General Bonded Debt Per Capita to Per Capita Personal Income
2021	8,849,714	618,036,067	1.44	8,104	1,092	53,489	2.09
2020	5,095,489	566,792,941	0.87	8,104	629	52,248	1.20
2019	5,782,319	566,792,941	1.02	8,096	714	49,860	1.43
2018	6,426,737	549,342,232	1.17	8,065	797	48,384	1.65
2017	7,116,459	537,602,215	1.32	8,185	869	48,047	1.81
2016	7,781,752	531,909,401	1.46	8,231	945	45,577	2.07
2015	8,381,512	531,909,400	1.59	8,151	1,028	43,418	2.37
2014	8,959,814	528,171,940	1.72	8,151	1,099	42,288	2.60
2013	9,998,297	521,497,080	1.93	8,092	1,236	40,688	3.04
2012	6,683,249	518,095,080	1.26	8,130	822	39,866	2.06

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

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

¹ Includes bond premiums

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

Fiscal Year	Gross Revenue	Less: Operating Expenses ⁽¹⁾	Net Available Revenue	Debt Service		Coverage
				Principal ⁽²⁾	Interest	
2021	\$ 4,599,338	\$ 2,592,707	\$ 2,006,631	\$ 652,440	\$ 138,916	2.54
2020	3,802,891	2,545,966	1,256,925	623,670	149,189	1.63
2019 ⁽³⁾	3,775,230	2,495,711	1,279,519	591,312	178,562	1.66
2018	3,661,311	2,344,160	1,317,151	595,555	166,641	1.73
2017	3,738,966	2,182,323	1,556,643	543,289	181,582	2.12
2016	3,718,514	2,241,937	1,476,577	487,049	311,245	1.85
2015	3,447,765	2,115,736	1,332,029	462,548	257,957	1.85
2014	3,263,413	2,261,529	1,001,884	504,718	256,920	1.32
2013	3,016,909	2,129,633	887,276	428,247	215,281	1.38
2012	3,041,715	2,187,683	854,032	413,586	232,992	1.32

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

(1) Excluding depreciation, interest, and amortization

(2) Excluding refunded principal payments

(3) Restated

TOWN OF VINTON, VIRGINIA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year Ended	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Public School Roanoke CO Enrollment (3)	Public Town of Vinton Enrollment (3)	Unemployment Rate (4)
2021	8,104	\$ 6,391,212,000	\$ 53,489	13,692	923	3.60%
2020	8,104	6,254,966,000	52,248	13,999	948	8.10
2019	8,096	5,962,802,000	49,860	14,121	972	2.90
2018	8,065	5,786,000,000	48,384	14,155	926	3.40
2017	8,185	5,780,000,000	48,047	14,235	965	3.70
2016	8,231	5,435,865,000	45,577	14,135	910	3.70
2015	8,151	5,159,100,000	43,418	14,384	948	4.50
2014	8,151	4,984,547,000	42,288	14,333	965	5.50
2013	8,092	4,789,030,000	40,688	14,369	935	5.90
2012	8,130	4,672,000,000	39,866	14,454	927	5.70

Sources:

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

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

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

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

TOWN OF VINTON, VIRGINIA

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Employees	Rank	Ownership	Employees	Rank	Ownership
Kroger	202	1	Private	158	2	Private
Berkshire	196	2	Private	155	3	Private
Precision Fabrics Group, Inc.	179	3	Private	241	1	Private
Roanoke County Schools (Vinton)	131	4	Local Govt.	125	4	Local Govt.
Rosie's Gaming Emporium	98	5	Private	-	-	-
Aramark Uniform Services	97	6	Private	15	10	Private
McDonalds	85	7	Private	95	6	Private
Penalty Box Partners (Lancerlot)	79	8	Private	49	7	Private
Town of Vinton	60	9	Local Govt.	99	5	Local Govt.
Magnets USA	57	10	Private	-	-	-
Famous Anthony's	-	-	-	41	8	Private
Super Dollar	-	-	-	31	9	Private
	<u>1,184</u>		<u>14.61%</u>	<u>1,009</u>		<u>12.41%</u>

Source: Employer Business Application or HR Contact

TOWN OF VINTON, VIRGINIA

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
Management services	4	4	4	4	4	4	4	4	4	4
Finance	5	5	5	5	5	5	6	6	6	6
Planning	3	3	3	2	3	3	3	3	3	3
Police										
Officers	22	22	23	23	24	22	22	24	24	24
Civilians	2	2	2	2	2	2	2	2	2	2
Fire										
Firefighters and officers	-	-	11	11	12	10	11	10	9	9
Other public works	21	26	30	34	33	29	31	32	32	32
Parks, recreation, and cultural	3	3	3	3	3	3	2	3	3	3
Total	60	65	81	84	86	78	81	84	83	83

Source: Town of Vinton HR Department

Note: As of July 1, 2019, all firefighters and emergency responders are employees of Roanoke County.

TABLE 15

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General government										
Fleet equipment	133	133	133	133	133	133	133	133	117	117
Pieces of equipment maintained	133	133	133	133	133	133	133	133	117	117
Public safety:										
Police										
Arrests	398	781	947	1,034	594	722	507	578	582	667
Parking violations	24	45	30	40	58	133	52	64	48	56
Traffic violations	1,395	1,928	1,735	2,449	2,021	1,187	1,143	1,603	1,408	1,734
EMS										
Emergency responses	N/A	N/A	2,248	2,607	2,637	2,656	2,615	2,735	2,654	2,872
Fire										
Emergency responses	N/A	N/A	305	830	501	774	278	623	306	677
Public works										
Refuse collection										
Refuse collected (tons per day)	13.20	12.88	12.39	11.80	12.21	11.92	12.55	12.78	12.92	12.75
Recyclables collected (tons per day)	0.32	0.3	0.35	0.45	1	0.54	0.65	0.70	0.68	2.00
Other public works										
Street resurfacing (miles)	3.20	3.33	2.71	2.50	2	2.03	-	1.30	2.17	1.80
Parks, recreation, and cultural										
Parks and recreation - attendees										
Vinton Dogwood Festival (4-day)	7,500	Cancelled	20,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
4th of July	6,000	Cancelled	4,000	5,000	5,000	5,000	5,000	5,000	4,000	4,000
Vinton Fall Festival (Co-Sponsor Chamber of Commerce)	3,500	2,000	3,500	6,000	6,000	9,000	9,000	6,000	6,000	6,000
Water										
Number of customer accounts	5,187	5,155	5,136	5,115	5,120	5,093	5,074	5,085	5,071	5,051
Miles of distribution lines	61	61	61	61	61	61	61	61	61	61
Volume pumped (million gallons per day average)	1.07	1.05	2	1	1	1.27	1.23	1.14	1.21	1.23
Sewer										
Number of customer accounts	4,764	4,728	4,710	4,691	4,686	4,658	4,639	4,642	4,636	4,607
Miles of collection lines	60	60	60	60	60	60	60	60	60	60
Waste/Water treated (million gallons per day)	1.81	1.41	1.02	1.32	1.32	1.40	1.19	0.92	0.96	0.99

N/A - Not available.

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

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

Source: Various Town of Vinton Departments

Note: As of July 1, 2019, all firefighters and emergency responders are employees of Roanoke County.

TABLE 16

TOWN OF VINTON, VIRGINIA

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

Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public safety										
Law enforcement vehicles	27	26	24	27	27	25	26	25	25	26
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works										
Primary streets (lane miles)	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62	21.62
Secondary streets (lane miles)	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32	66.32
Streetlights	513	505	505	505	505	503	502	500	500	500
Parks, recreation, and cultural										
Community centers										
Vinton Senior Program (No. of Events/Attendance)	186/1850	428/6330	428/6283	356/5822	285/4370	252/4166	240/3990	223/3,965	253/3775	231/4033
Charles R. Hill Center (Rentals)	205	292	298	303	316	283	291	289	437	299
Vinton War Memorial	196	258	240	250	276	273	235	282	301	200
Parks/athletic fields										
Greenway (3/4 Mile) Cinder Surface	30,000	30,000	30,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
War Memorial Playground	4,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Vinton Municipal Pool	Closed	Closed	Closed	Closed	Closed	7,977	7,977	8,458	10,562	10,176
Water and sewer										
Water mains (miles)	61	61	61	61	61	61	61	61	61	61
Sanitary sewers (miles)	60	60	60	60	60	60	60	60	60	60
Stormwater										
Storm sewers (miles)	12	12	12	12	12	12	12	12	12	12
Signalized street intersections										
Traffic signals (each)	11	11	11	11	11	11	11	11	11	11

Source: Various Town of Vinton Departments

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COMPLIANCE SECTION

TOWN OF VINTON, VIRGINIA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass - Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
Department of Housing and Urban Development:			
Pass Through Payments:			
Virginia Department of Housing and Community Development:			
Community Development Block Grant, 2018 Local Innovation Awards	14.228	Contract #18-LI-24	\$ 68,200
			<u>68,200</u>
Total Department of Housing and Urban Development			
Department of Justice:			
Direct Payments:			
Bulletproof Vest Partnership Program	16.607	N/A	1,986
Edward Byrne memorial Justice Assistance grant program	16.738	20-A4938AD16	833
			<u>2,819</u>
Total Department of Justice			
Department of Transportation:			
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster			
National Priority Safety Programs	20.616	N/A	5,561
Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	UPC 109611/111649/113565	344,413
			<u>349,974</u>
Total Department of Transportation			
United States Department of the Treasury:			
Pass Through Payments:			
Virginia Department of Accounts			
County of Roanoke:			
COVID-19 Coronavirus Relief Fund	21.019	N/A	1,401,033
			<u>1,401,033</u>
Total United States Department of the Treasury			
Environmental Protection Agency			
Direct Payments:			
EPA Brownfield Site Assessment	66.818	FAIN # 96368301	90,900
			<u>90,900</u>
Total Environmental Protection Agency			
Department of Emergency Management			
Direct Payments:			
Disaster Grants Public Assistance	97.036	FEMA 4512-DR-VA	7,650
			<u>7,650</u>
Total Department of Emergency Management			
Total Expenditures of Federal Awards			<u>\$ 1,920,576</u>

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of federal expenditures includes the activity of all federally assisted programs of the Town of Vinton, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the Town's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

NOTE 2 - DE MINIMIS INDIRECT COST RATE:

The Town did not elect to use the 10% de minimis indirect cost rate.

NOTE 3 - OUTSTANDING LOAN BALANCES:

At June 30, 2021, the Town had no outstanding loan balances requiring continuing disclosure.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Vinton, Virginia (the “Town”), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness, which is labelled as item 2021-001.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 that are required to be reported under *Government Auditing Standards*.**

Town of Vinton's Response to Finding

The Town of Vinton's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Vinton, Virginia's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2021. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms, and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Report on Compliance for Each Major Federal Program (Continued)

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

Report on Internal Control over Compliance (Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 30, 2021

TOWN OF VINTON, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS

June 30, 2021

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia:

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

State Agency Requirements:

- Highway Maintenance Funds

LOCAL COMPLIANCE MATTERS

Town Charter

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal program selected for testing.

TOWN OF VINTON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weaknesses** relating to the audit of the financial statements was reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs were reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **one audit finding relating to the major programs**.
7. The program tested as major was:

Name of Program	Assistance Listing Number
COVID-19 Coronavirus Relief Funds	21.019

8. The threshold for distinguishing Type A and B programs was **\$750,000**.
9. The Town was **not** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2021-001: Segregation of Duties (Material Weakness)

Condition:

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

Criteria:

- Mail should be opened by an employee not responsible for accounting, such as the Town Clerk. Cash receipts could be recorded and the deposit prepared by this person. The cash receipts journal, supplemented by remittance advice, could be forwarded to the accounting staff for postings to the general ledger and detail customer accounts.

TOWN OF VINTON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021**

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2021-001: Segregation of Duties (Material Weakness) (Continued)

Criteria (Continued):

- Customer complaints, returned checks, disputed items, and other such matters should be investigated by someone who is independent of preparing daily cash receipts and preparing deposits.
- Checks and remittance advice should be placed into envelopes and mailed by someone with no other accounting responsibilities.
- Water and sewer billing should be independent of the accounts receivable function.

Cause:

The size of the Town's accounting staff prohibits complete adherence to segregation of duties.

Effect:

Internal controls are designed to safeguard assets and detect losses from employee dishonesty or error.

Recommendation:

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

Views of Responsible Officials and Planned Corrective Action:

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

TOWN OF VINTON

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021**

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

2021-002: Coronavirus Relief Fund – CFDA #21.019, Procurement Policies and Procedures

Condition:

The Town does not have complete and written procurement policies that are in compliance with the standards required by the Uniform Guidance 2 CFR Part 200.

Criteria:

Under the requirements in the Uniform Guidance, all entities are required to have written procurement policies that conform to applicable Federal laws and regulations and standards. The complete procurement standards are located at 2 CFR Part 200, Sections 317 through 326.

Cause:

While the Town does have procurement policies in place, the Town has not updated procurement policies in accordance with the Uniform Guidance.

Effect:

The lack of complete, written updated policies could result in an improper procurement using Federal funds.

Recommendation:

Management should draft and implement updated written procurement procedures to align with the Uniform Guidance requirements for all purchases to be made with Federal funds.

Views of Responsible Officials and Planned Corrective Action:

Upon notification of a recommendation from our auditors, staff immediately drafted a Federal Grant Policy which was adopted by Town Council at the meeting on September 21, 2021.

D. FINDINGS – COMMONWEALTH OF VIRGINIA

None noted.

TOWN OF VINTON, VIRGINIA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021**

A. FINDING – FINANCIAL STATEMENT AUDIT

2020-001: Segregation of Duties (Material Weakness)

Condition:

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

Current Status:

Condition cleared with regard to payroll and check printing and still present for other accounts payable functions, accounts receivable, cash disbursements, and information technology. See item 2021-001 in the schedule of findings and questioned costs.

B. FINDING – COMMONWEALTH OF VIRGINIA

2020-002: General Government Budget Appropriation

Condition:

Public safety expenditures exceeded budget appropriations.

Current Status:

Condition cleared in current year.