

**FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022**

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ONANCOCK™

A LITTLE SLICE OF NOWHERE ELSE

TOWN OF ONANCOCK, VIRGINIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

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OFFICIALS

Matt Spuck, Town Manager

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Onancock, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Onancock, Virginia, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Onancock, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Restatement of Beginning Balances

As described in Note 15 to the financial statements, in 2022, the Town restated beginning balances to correct capital assets for land donated in the prior year, as well as to reflect grant revenue received in the prior year. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Onancock, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Onancock, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Onancock, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Onancock, Virginia's basic financial statements. The accompanying schedule of revenue - budget and actual and schedule of expenditures - budget and actual, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 revenue - budget and actual and schedule of expenditures - budget and actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2023, on our consideration of the Town of Onancock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Town of Onancock, Virginia'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 of Onancock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

July 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Onancock, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,960,869 (net position). A majority of this amount, \$3,581,176, is invested in capital assets and is not available to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town reported a General Fund balance of \$1,750,597, an increase of \$208,019 from the prior year. The Town reported a Special Revenue Fund balance of \$30,819, a decrease of (\$12,543) from the prior year.
- The Town's total long-term obligations decreased from \$7,041,421 to \$2,622,724 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,960,869 at the close of the most recent fiscal year.

Town of Onancock, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 2,534,768	\$ 2,515,885	\$ 800,172	\$ 565,599	\$ 3,334,940	\$ 3,081,484
Capital assets	2,674,174	2,065,769	3,459,832	16,089,559	6,134,006	18,155,328
Total assets	\$ 5,208,942	\$ 4,581,654	\$ 4,260,004	\$ 16,655,158	\$ 9,468,946	\$ 21,236,812
Deferred outflows of resources	\$ 233,584	\$ 123,992	\$ 7,782	\$ 64,830	\$ 241,366	\$ 188,822
Total assets and deferred outflows of resources	\$ 5,442,526	\$ 4,705,646	\$ 4,267,786	\$ 16,719,988	\$ 9,710,312	\$ 21,425,634
Current liabilities	\$ 450,406	\$ 745,599	\$ 144,031	\$ 412,709	\$ 594,437	\$ 1,158,308
Long-term liabilities	319,014	548,373	2,386,467	6,311,516	2,705,481	6,859,889
Total liabilities	\$ 769,420	\$ 1,293,972	\$ 2,530,498	\$ 6,724,225	\$ 3,299,918	\$ 8,018,197
Deferred inflows of resources	\$ 356,287	\$ 1,747	\$ 93,238	\$ 6,804	\$ 449,525	\$ 8,551
Net position:						
Net investment in capital assets	\$ 2,611,343	\$ 2,033,178	\$ 969,833	\$ 9,561,040	\$ 3,581,176	\$ 11,594,218
Restricted for debt service	1,602,833	1,717,882	752,889	532,069	2,355,722	2,249,951
Unrestricted	102,643	(341,133)	(78,672)	(104,150)	23,971	(445,283)
Total net position	\$ 4,316,819	\$ 3,409,927	\$ 1,644,050	\$ 9,988,959	\$ 5,960,869	\$ 13,398,886
Total liabilities, deferred inflows of resources and net position	\$ 5,442,526	\$ 4,705,646	\$ 4,267,786	\$ 16,719,988	\$ 9,710,312	\$ 21,425,634

A large part of the Town's net position, \$3,581,176, reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$718,874 and business-type activities decreased net position by \$8,344,909. Key elements of these changes are as follows:

For the Years Ended June 30, 2022 and 2021						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 277,231	\$ 261,794	\$ 1,519,756	\$ 1,431,208	\$ 1,796,987	\$ 1,693,002
Operating grants and contributions	743,619	478,420	-	-	743,619	478,420
General revenues:						
General property taxes	595,180	585,886	-	-	595,180	585,886
Other local taxes	482,509	451,441	-	-	482,509	451,441
Other general revenues	139,480	180,429	(24,913)	584	114,567	181,013
Total revenues	\$ 2,238,019	\$ 1,957,970	\$ 1,494,843	\$ 1,431,792	\$ 3,732,862	\$ 3,389,762
Expenses:						
General government administration	\$ 357,450	\$ 422,966	\$ -	\$ -	\$ 357,450	\$ 422,966
Public safety	458,809	379,740	-	-	458,809	379,740
Public works	692,923	652,990	-	-	692,923	652,990
Parks, recreation, and cultural	347,995	254,293	-	-	347,995	254,293
Interest and other fiscal charges	3,670	1,871	-	-	3,670	1,871
Water and Sewer Fund	-	-	9,498,050	1,259,310	9,498,050	1,259,310
Total expenses	\$ 1,860,847	\$ 1,711,860	\$ 9,498,050	\$ 1,259,310	\$ 11,358,897	\$ 2,971,170
Transfers in (out)	341,702	95,668	(341,702)	(95,668)	-	-
Increase/(decrease) in net position	\$ 718,874	\$ 341,778	\$ (8,344,909)	\$ 76,814	\$ (7,626,035)	\$ 418,592
Net position, beginning	3,597,945	3,068,149	9,988,959	9,912,145	13,586,904	12,980,294
Net position, ending	\$ 4,316,819	\$ 3,409,927	\$ 1,644,050	\$ 9,988,959	\$ 5,960,869	\$ 13,398,886

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. At June 30, 2022, the Town's fund balances total \$1,781,416, as the balance increased \$195,476 during the fiscal year.

General Fund Budgetary Highlights

The General Fund budget reflected revenues in the amount of \$1,404,840 and expenditures of \$1,404,840 (reference exhibit 9). Actual General Fund revenues totaled \$1,566,841 which was \$162,001 more than the final budget. General Fund expenditures totaled \$1,712,516 and were more than final budget amounts by \$307,676. Overall general expenditures exceeded revenues by \$145,675, reference Exhibit 9.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets (net of related debt) for its governmental activities as of June 30, 2022 totals \$2,674,174 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, and machinery and equipment. The Town's investment in capital assets for the current fiscal year decreased by \$494,205. Net capital assets for the business-type activities decreased by \$12,629,727.

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

Debt

During the year, the Town decreased its business-type activities obligations by \$4,189,244. Annual requirements to amortize all long-term debt and related interest and other information relative to the Town's debt can be found in Note 5 to the financial statements.

Contact the Town's Financial Management

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

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 820,365	\$ -	\$ 820,365
Cash and cash equivalents - restricted	1,602,833	752,889	2,355,722
Receivables (net of allowance for uncollectibles):			
Property taxes	65,603	-	65,603
Accounts receivable	4,804	44,362	49,166
Prepaid items	6,660	1,558	8,218
Total Current Assets	\$ 2,500,265	\$ 798,809	\$ 3,299,074
Noncurrent Assets:			
Net pension asset	\$ 34,503	\$ 1,363	\$ 35,866
Capital assets (net of depreciation):			
Land	\$ 1,067,694	\$ -	\$ 1,067,694
Buildings and improvements	1,163,398	3,185,298	4,348,696
Machinery and equipment	167,320	53,016	220,336
Infrastructure	275,762	221,518	497,280
Total Capital Assets (net of accumulated depreciation)	\$ 2,674,174	\$ 3,459,832	\$ 6,134,006
Total Noncurrent Assets	\$ 2,708,677	\$ 3,461,195	\$ 6,169,872
Total Assets	\$ 5,208,942	\$ 4,260,004	\$ 9,468,946
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 226,050	\$ 5,166	\$ 231,216
OPEB related items	7,534	2,616	10,150
Total Deferred Outflows of Resources	\$ 233,584	\$ 7,782	\$ 241,366
Total Assets and Deferred Outflows of Resources	\$ 5,442,526	\$ 4,267,786	\$ 9,710,312
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 45,868	\$ 13,307	\$ 59,175
Accrued interest payable	2,096	6,201	8,297
Unearned revenue - current portion	380,797	2,875	383,672
Current portion of long-term obligations	21,645	121,648	143,293
Total Current Liabilities	\$ 450,406	\$ 144,031	\$ 594,437
Noncurrent Liabilities:			
Unearned revenue - long-term portion	\$ 226,050	\$ -	\$ 226,050
Noncurrent portion of long-term obligations	92,964	2,386,467	2,479,431
Total Noncurrent Liabilities	\$ 319,014	\$ 2,386,467	\$ 2,705,481
Total Liabilities	\$ 769,420	\$ 2,530,498	\$ 3,299,918
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 346,811	\$ 88,099	\$ 434,910
OPEB related items	9,476	5,139	14,615
Total Deferred Inflows of Resources	\$ 356,287	\$ 93,238	\$ 449,525
NET POSITION			
Net investment in capital assets	\$ 2,611,343	\$ 969,833	\$ 3,581,176
Restricted for debt service	1,602,833	752,889	2,355,722
Unrestricted	102,643	(78,672)	23,971
Total Net Position	\$ 4,316,819	\$ 1,644,050	\$ 5,960,869
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 5,442,526	\$ 4,267,786	\$ 9,710,312

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

Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government administration	\$ 357,450	\$ 1,975	\$ 254,269	\$ -
Public safety	458,809	7,004	119,267	-
Public works	692,923	61,264	283,631	-
Parks, recreation and cultural	347,995	206,988	86,452	-
Interest and other fiscal charges	<u>3,670</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	\$ 1,860,847	\$ 277,231	\$ 743,619	\$ -
Business-type activities:				
Water and Sewer	<u>995,563</u>	<u>1,519,756</u>	<u>-</u>	<u>-</u>
Total primary government	\$ <u>2,856,410</u>	\$ <u>1,796,987</u>	\$ <u>743,619</u>	\$ <u>-</u>

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

Statement of Activities
Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business- type Activities	Total
Governmental activities:			
General government administration	\$ (101,206)	\$ -	\$ (101,206)
Public safety	(332,538)	-	(332,538)
Public works	(348,028)	-	(348,028)
Parks, recreation and cultural	(54,555)	-	(54,555)
Interest and other fiscal charges	(3,670)	-	(3,670)
Total governmental activities	\$ (839,997)	\$ -	\$ (839,997)
Business-type activities:			
Water and Sewer	-	524,193	524,193
Total primary government	\$ (839,997)	\$ 524,193	\$ (315,804)
General revenues and transfers:			
General property taxes	\$ 595,180	\$ -	\$ 595,180
Local sales and use taxes	92,372	-	92,372
Consumers utility taxes	56,036	-	56,036
Meals taxes	238,133	-	238,133
Business license taxes	3,711	-	3,711
Bank franchise taxes	45,329	-	45,329
Other local taxes	46,928	-	46,928
Unrestricted revenues from use of money and property	28,158	3,818	31,976
Unrealized gain (loss) on investments	(22,115)	(28,731)	(50,846)
Grants and contributions not restricted to specific programs	126,255	-	126,255
Loss from disposal of operations	-	(8,502,487)	(8,502,487)
Miscellaneous	7,182	-	7,182
Transfers	341,702	(341,702)	-
Total general revenues and transfers	\$ 1,558,871	\$ (8,869,102)	\$ (7,310,231)
Change in net position	\$ 718,874	\$ (8,344,909)	\$ (7,626,035)
Net position - beginning, as restated	3,597,945	9,988,959	13,586,904
Net position - ending	\$ 4,316,819	\$ 1,644,050	\$ 5,960,869

Fund Financial Statements

Balance Sheet - Governmental Funds
June 30, 2022

	General Fund	Special Revenue Fund	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 413,854	\$ 406,511	\$ 820,365
Cash and cash equivalents - restricted	1,602,833	-	1,602,833
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	65,603	-	65,603
Accounts receivable	4,804	-	4,804
Prepaid items	6,660	-	6,660
Total assets	<u>\$ 2,093,754</u>	<u>\$ 406,511</u>	<u>\$ 2,500,265</u>
LIABILITIES			
Accounts payable	\$ 44,123	\$ 1,745	\$ 45,868
Unearned revenue	232,900	373,947	606,847
Total liabilities	<u>\$ 277,023</u>	<u>\$ 375,692</u>	<u>\$ 652,715</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 66,134	-	\$ 66,134
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 6,660	-	\$ 6,660
Restricted:			
Debt service	1,602,833	-	1,602,833
Unassigned	141,104	30,819	171,923
Total fund balances	<u>\$ 1,750,597</u>	<u>\$ 30,819</u>	<u>\$ 1,781,416</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,093,754</u>	<u>\$ 406,511</u>	<u>\$ 2,500,265</u>

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances for governmental funds (see above) \$ 1,781,416

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	\$ 1,067,694	
Buildings and improvements	1,163,398	
Machinery and equipment	167,320	
Infrastructure	<u>275,762</u>	2,674,174

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

Unavailable revenue - property taxes 66,134

The net pension asset in governmental activities is not a financial resource and, therefore, is not reported in the funds.

Net pension asset 34,503

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Pension related items	\$ 226,050	
OPEB related items	<u>7,534</u>	233,584

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Notes payable	\$ (62,831)	
Compensated absences	(28,149)	
Accrued interest payable	(2,096)	
Net OPEB liability	<u>(23,629)</u>	(116,705)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

OPEB related items	<u>(9,476)</u>	<u>(9,476)</u>
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Total net position of government activities \$ 4,663,630

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

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Total
Revenues:			
General property taxes	\$ 582,899	\$ -	\$ 582,899
Other local taxes	482,509	-	482,509
Permits, privilege fees and regulatory licenses	1,975	-	1,975
Fines and forfeitures	7,004	-	7,004
Revenue from use of money and property	4,976	1,067	6,043
Charges for services	268,252	-	268,252
Miscellaneous	7,182	-	7,182
Intergovernmental:			
Commonwealth	179,044	87,358	266,402
Federal	33,000	570,472	603,472
Total revenues	<u>\$ 1,566,841</u>	<u>\$ 658,897</u>	<u>\$ 2,225,738</u>
Expenditures:			
Current:			
General government administration	\$ 364,319	\$ -	\$ 364,319
Public safety	523,898	42,892	566,790
Public works	498,710	493,302	992,012
Parks, recreation and cultural	292,254	185,254	477,508
Debt service:			
Principal retirement	31,761	-	31,761
Interest and other fiscal charges	1,574	-	1,574
Total expenditures	<u>\$ 1,712,516</u>	<u>\$ 721,448</u>	<u>\$ 2,433,964</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (145,675)</u>	<u>\$ (62,551)</u>	<u>\$ (208,226)</u>
Other financing sources (uses):			
Transfers in	\$ 296,852	\$ 50,008	\$ 346,860
Transfers out	(5,158)	-	(5,158)
Issuance of notes payable	62,000	-	62,000
Total other financing sources (uses)	<u>\$ 353,694</u>	<u>\$ 50,008</u>	<u>\$ 403,702</u>
Net change in fund balances	\$ 208,019	\$ (12,543)	\$ 195,476
Fund balances, at beginning of year, as restated	<u>1,542,578</u>	<u>43,362</u>	<u>1,585,940</u>
Fund balances, at end of year	<u>\$ 1,750,597</u>	<u>\$ 30,819</u>	<u>\$ 1,781,416</u>

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2022

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 195,476
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	\$ 599,464
Depreciation expense	<u>(105,260)</u>
	494,204
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	12,281
The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governments funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and relate items.	
Principal repayments	\$ 31,761
Issuance of note payable	<u>(62,000)</u>
	(30,239)
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized when paid.	(2,096)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in compensated absences	\$ (776)
Pension expense	49,098
OPEB expense	<u>926</u>
	<u>49,248</u>
Change in net position of governmental activities	<u>\$ 718,874</u>

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

Statement of Net Position
 Proprietary Fund
 June 30, 2022

	<u>Enterprise Fund Water and Sewer Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents - restricted debt service	\$ 752,889
Accounts receivable, net of allowance for uncollectibles	44,362
Prepaid items	1,558
Total current assets	<u>\$ 798,809</u>
Noncurrent assets:	
Net pension asset	\$ 1,363
Capital assets (net of accumulated depreciation):	
Buildings and improvements	\$ 3,185,298
Machinery and equipment	53,016
Infrastructure	221,518
Total capital assets (net of accumulated depreciation)	<u>\$ 3,459,832</u>
Total noncurrent assets	<u>\$ 3,461,195</u>
Total assets	<u>\$ 4,260,004</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 5,166
OPEB related items	2,616
Total deferred outflows of resources	<u>\$ 7,782</u>
Total assets and deferred outflows of resources	<u>\$ 4,267,786</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 13,307
Accrued interest payable	6,201
Unearned revenue	2,875
Bonds - current portion	121,118
Compensated absences - current portion	530
Total current liabilities	<u>\$ 144,031</u>
Noncurrent liabilities:	
Bonds - net of current portion	\$ 2,368,881
Compensated absences - net of current portion	4,773
Net OPEB liability	12,813
Total noncurrent liabilities	<u>\$ 2,386,467</u>
Total liabilities	<u>\$ 2,530,498</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 88,099
OPEB related items	5,139
Total deferred inflows of resources	<u>\$ 93,238</u>
NET POSITION	
Net investment in capital assets	\$ 969,833
Restricted for debt service	752,889
Unrestricted	<u>(78,672)</u>
Total net position	<u>\$ 1,644,050</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 4,267,786</u>

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

Statement of Revenues, Expenses and Change in Net Position
 Proprietary Fund
 Year Ended June 30, 2022

	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for water services	\$ 424,436
Charges for sewer services	1,071,479
Penalties	16,671
Miscellaneous	7,170
Total operating revenues	<u>\$ 1,519,756</u>
Operating expenses:	
Water:	
Personnel services	\$ 83,438
Benefits	25,565
Contractual services	12,407
Other charges	62,276
Total water operating expenses	<u>\$ 183,686</u>
Sewer:	
Contractual services	\$ 114,568
Total sewer operating expenses	<u>\$ 114,568</u>
Other operating expenses:	
Depreciation	\$ 174,382
Total other operating expenses	<u>\$ 174,382</u>
Total operating expenses	<u>\$ 472,636</u>
Net operating income (loss)	<u>\$ 1,047,120</u>
Nonoperating revenues (expenses):	
Interest income	\$ 3,818
Unrealized gain (loss) on investments	(28,731)
Total nonoperating revenues (expenses)	<u>\$ (24,913)</u>
Income (loss) before other revenues, expenses, gains, losses, and transfers	<u>\$ 1,022,207</u>
Revenues (expenses) from disposed operations:	
Operating expenses from disposed operations	\$ (439,638)
Nonoperating expenses from disposed operations	(83,289)
Loss from disposal of operations	(8,502,487)
Total revenues (expenses) from disposed operations:	<u>\$ (9,025,414)</u>
Income (loss) before transfers	<u>\$ (8,003,207)</u>
Transfers in	\$ 5,350
Transfers out	(347,052)
Change in net position	<u>\$ (8,344,909)</u>
Net position - beginning	<u>\$ 9,988,959</u>
Net position - ending	<u><u>\$ 1,644,050</u></u>

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

Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2022

	<u>Enterprise Fund Water and Sewer Fund</u>
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,507,688
Payments to employees (including fringe benefits)	(404,576)
Payments for operating activities	<u>(191,274)</u>
Net cash provided by (used for) operating activities	\$ <u>911,838</u>
Cash flows from noncapital financing activities:	
Transfers	\$ <u>(341,702)</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(341,702)</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (239,949)
Unrealized gain (loss) on investments	(28,731)
Interest expense	<u>(84,454)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(353,134)</u>
Cash flows from investing activities:	
Interest income	\$ <u>3,818</u>
Increase (decrease) in cash and cash equivalents	\$ 220,820
Cash and cash equivalents at beginning of year (includes restricted)	<u>532,069</u>
Cash and cash equivalents at end of year (includes restricted)	\$ <u><u>752,889</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 1,047,120
Adjustments to reconcile operating income (loss) to net cash provided provided by (used for) operating activities:	
Depreciation	328,669
Changes in operating activities:	
(Increase) decrease in accounts receivable	(10,832)
(Increase) decrease in prepaid items	(1,558)
(Increase) decrease in net pension asset	(1,363)
(Increase) decrease in deferred outflows of resources	57,048
Increase (decrease) in accounts payable	(2,082)
Increase (decrease) in due to other funds	0
Increase (decrease) in unearned revenue	(1,236)
Increase (decrease) in compensated absences	(7,434)
Increase (decrease) in net pension liability	(136,581)
Increase (decrease) in net OPEB liability	(6,709)
Increase (decrease) in deferred inflows of resources	<u>86,434</u>
Net cash provided by (used for) operating activities	\$ <u><u>1,351,476</u></u>

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

Financial Statement Presentation: (Continued)

Statement of Activities (Continued)

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

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

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

A. Financial Reporting Entity

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are reserved or committed to expenditures for a specified purpose, other than primary operations of the Town. The Special Revenue Fund is considered a major fund for reporting purposes.

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

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

2. Proprietary Funds

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

Enterprise Funds

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

C. Budgets and Budgetary Accounting

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

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

D. Cash and Cash Equivalents

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

E. Prepaid Items

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

F. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2022, the allowance for uncollectible general property taxes totaled \$53,056 and \$6,005 for water and sewer receivables.

G. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was zero interest attributable to capitalized assets at June 30, 2022.

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

Buildings and Improvements	40
Machinery and equipment	5 to 10
Infrastructure	20 to 50

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

H. Compensated Absences

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

I. Use of Estimates

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

J. Long-Term Obligations

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

K. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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

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

K. Fund Balance: (Continued)

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

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

L. Net Position

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

M. Net Position Flow Assumption

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

N. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to the measurement of the net pension liability and net OPEB liability and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

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

N. Deferred Outflows/Inflows of Resources: (Continued)

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

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's 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.

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2—PROPERTY TAXES RECEIVABLE:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 3—DEPOSITS:

Deposits

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

Investments

Statutes authorize local governments and other public bodies 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 that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Town’s rated debt investments as of June 30, 2022 were rated by Standard and Poor’s and the ratings are presented below using the Standard and Poor’s rating scale.

Town’s Rated Debt Investment’s Value

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>	
	<u>AAAm</u>	<u>AA+f/S1</u>
Virginia Investment Pool - Stable NAV Liquidity	\$ 1,514,576	\$ -
Virginia Investment Pool - 1-3 Year High Quality Bond Fund	-	1,247,655
Total	\$ 1,514,576	1,247,655

Interest Rate Risk

Investment Maturities (in years)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than</u>	
		<u>1 Year</u>	<u>1-5 Years</u>
Virginia Investment Pool	\$ 2,762,231	\$ 1,514,576	\$ 1,247,655
Total	\$ 2,762,231	\$ 1,514,576	\$ 1,247,655

Fair Value Measurements and Redemption Restrictions

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of the above VML/VACO Investment Pool Investment at the net asset value (NAV). There are no withdrawal limitations or restrictions.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 3—DEPOSITS: (CONTINUED)

Restricted Cash

The Town has the following restricted cash at June 30, 2022:

	Governmental Activities	Business-type Activities	
	General Fund	Water and Sewer Fund	Total
Restricted: Debt Service	\$ 1,602,833	\$ 752,889	\$ 2,355,722

NOTE 4—CAPITAL ASSETS:

The following is a summary of changes of governmental activities capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,022,694	\$ 45,000	\$ -	\$ 1,067,694
Construction in progress	144,829	120,789	265,618	-
Total capital assets not being depreciated	<u>\$ 1,167,523</u>	<u>\$ 165,789</u>	<u>\$ 265,618</u>	<u>\$ 1,067,694</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,376,122	\$ 545,472	\$ -	\$ 1,921,594
Machinery and equipment	500,418	153,822	222,362	431,878
Infrastructure	1,401,760	-	-	1,401,760
Total capital assets being depreciated	<u>\$ 3,278,300</u>	<u>\$ 699,294</u>	<u>\$ 222,362</u>	<u>\$ 3,755,232</u>
Accumulated depreciation:				
Buildings and improvements	\$ 716,628	\$ 41,568	\$ -	\$ 758,196
Machinery and equipment	458,272	28,648	222,362	264,558
Infrastructure	1,090,954	35,044	-	1,125,998
Total accumulated depreciation	<u>\$ 2,265,854</u>	<u>\$ 105,260</u>	<u>\$ 222,362</u>	<u>\$ 2,148,752</u>
Total capital assets being depreciated, net	<u>\$ 1,012,446</u>	<u>\$ 594,034</u>	<u>\$ -</u>	<u>\$ 1,606,480</u>
Net capital assets	<u>\$ 2,179,969</u>	<u>\$ 759,823</u>	<u>\$ 265,618</u>	<u>\$ 2,674,174</u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes of business-type activities capital assets for the fiscal year ended June 30, 2022:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 5,313,469	\$ -	\$ -	\$ 5,313,469
Machinery and equipment	2,065,086	-	1,804,587	260,499
Infrastructure	16,124,818	-	15,159,020	965,798
Total capital assets being depreciated	<u>\$ 23,503,373</u>	<u>\$ -</u>	<u>\$ 16,963,607</u>	<u>\$ 6,539,766</u>
Accumulated depreciation:				
Buildings and improvements	\$ 1,993,470	\$ 134,701	\$ -	\$ 2,128,171
Machinery and equipment	1,997,726	7,978	1,798,221	207,483
Infrastructure	3,422,618	185,990	2,864,328	744,280
Total accumulated depreciation	<u>\$ 7,413,814</u>	<u>\$ 328,669</u>	<u>\$ 4,662,549</u>	<u>\$ 3,079,934</u>
Total capital assets being depreciated, net	<u>\$ 16,089,559</u>	<u>\$ (328,669)</u>	<u>\$ 12,301,058</u>	<u>\$ 3,459,832</u>
Net capital assets	<u>\$ 16,089,559</u>	<u>\$ (328,669)</u>	<u>\$ 12,301,058</u>	<u>\$ 3,459,832</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 9,632
Public safety	15,684
Public works	42,007
Parks, recreation, and cultural	37,937
Total governmental activities	<u>\$ 105,260</u>

Business-type activities:

Water and sewer	\$ 328,669
Total business-type activities	<u>\$ 328,669</u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Town for the fiscal year ended June 30, 2022:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Direct borrowings and direct placements:					
Notes payable	\$ 32,591	\$ 62,000	\$ 31,760	\$ 62,831	\$ 18,830
Compensated absences	27,373	6,251	5,475	28,149	2,815
Net pension liability	251,886	467,275	719,161	-	-
Net OPEB liability	32,212	8,470	17,053	23,629	-
	<u>344,062</u>	<u>543,996</u>	<u>773,449</u>	<u>114,609</u>	<u>21,645</u>
Total Governmental Activities	<u>\$ 344,062</u>	<u>\$ 543,996</u>	<u>\$ 773,449</u>	<u>\$ 114,609</u>	<u>\$ 21,645</u>
Business-type Activities					
Direct borrowings and direct placements:					
General obligation bonds	\$ 6,528,519	-	\$ 4,038,520	\$ 2,489,999	\$ 121,118
Compensated absences	12,737	1,061	8,495	5,303	530
Net pension liability	136,581	13,643	150,224	-	-
Net OPEB liability	19,522	3,870	10,579	12,813	-
	<u>6,697,359</u>	<u>18,574</u>	<u>4,207,818</u>	<u>2,508,115</u>	<u>121,648</u>
Total Business-type Activities	<u>\$ 6,697,359</u>	<u>\$ 18,574</u>	<u>\$ 4,207,818</u>	<u>\$ 2,508,115</u>	<u>\$ 121,648</u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Direct Borrowings and Direct Placements			
	Notes Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 18,830	\$ 1,171	\$ 121,118	\$ 36,875
2024	12,265	839	122,018	35,975
2025	12,528	577	122,955	35,037
2026	12,795	308	123,932	34,061
2027	6,413	52	124,950	33,043
2028	-	-	126,010	31,982
2029	-	-	127,115	30,878
2030	-	-	128,266	29,726
2031	-	-	129,466	28,527
2032	-	-	130,715	27,277
2033	-	-	132,017	25,975
2034	-	-	133,374	24,619
2035	-	-	134,787	23,206
2036	-	-	136,260	21,733
2037	-	-	137,794	20,199
2038	-	-	133,280	18,600
2039	-	-	41,421	16,935
2040	-	-	43,156	15,200
2041	-	-	44,964	13,392
2042	-	-	46,848	11,508
2043	-	-	48,811	9,545
2044	-	-	50,855	7,501
2045	-	-	52,986	5,370
2046	-	-	55,205	3,151
2047	-	-	41,697	845
Total	\$ 62,831	\$ 2,947	\$ 2,489,999	\$ 541,161

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations at June 30, 2022 are as follows:

Governmental Activities Obligations:

Direct Borrowings and Direct Placements:

Notes Payable:

Note payable, BB&T, payable in monthly installments of \$2,232 through October 2022, interest at 4.050% \$ 6,740

Note payable, USDA, payable in quarterly installments of \$3,277 through November 2026, interest at 2.125% 56,091

Total Notes Payable \$ 62,831

Compensated Absences 28,149

Net OPEB Liability 23,629

Total Governmental Activities Obligations \$ 114,609

Business-type Activities Obligations:

Direct Borrowings and Direct Placements:

General Obligation Bonds:

\$1,070,000 USDA Rural Development General Obligation Bond issued February 1, 2007, payable in quarterly installments of \$13,975 through February 2047, interest at 4.125% \$ 863,985

\$47,000 USDA Rural Development General Obligation Water Bond issued dated April 25, 2006, payable in quarterly installments of \$614 through October 2046, interest at 4.125% 37,941

\$2,989,099 Virginia Resources Authority General Obligation Bond issued September 1, 2008, payable in semi-annual installments of \$49,818 through March 2038, interest at 0.00% 1,588,073

Total General Obligation Bonds \$ 2,489,999

Compensated Absences 5,303

Net OPEB Liability 12,813

Total Business-type Activities Obligations \$ 2,508,115

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 6—UNEARNED/UNAVAILABLE REVENUE:

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

Unavailable Property Tax Revenue - Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$66,134 at June 30, 2022.

Unearned Revenue Governmental Funds - The Town has received a payment in the amount of \$274,000 for use of a water tower for 40 years. The Town also received a payment of \$373,947 from the American Rescue Plan Act (ARPA) Grant, which had not yet been spent as of year-end. At June 30, 2022, the current portion of unearned revenue is \$380,797 and the long-term portion is \$226,050.

Unearned Revenue Proprietary Funds - The Town has received funds from the state and federal government to aid in funding for the wastewater treatment plant. The Town has also received prepayments on customer accounts. These amounts total \$2,875 at June 30, 2022.

NOTE 7—PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan 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.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

NOTE 7—PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation, and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation, and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	14
Inactive members:	
Vested inactive members	2
Non-vested inactive members	8
Inactive members active elsewhere in VRS	<u>5</u>
Total inactive members	15
Active members	<u>15</u>
Total covered employees	<u><u>44</u></u>

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2022 was 13.52% 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 Town were \$78,617 and \$84,809 for the years ended June 30, 2022 and June 30, 2021, respectively.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability less that employer's fiduciary net position. The Town's net pension liabilities were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits: (Continued)

All Others (Non 10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 2,653,548	\$ 2,265,080	\$ 388,468
Changes for the year:			
Service cost	\$ 86,170	\$ -	\$ 86,170
Interest	175,778	-	175,778
Benefit changes	-	-	-
Differences between expected and actual experience	(38,495)	-	(38,495)
Assumption changes	95,645	-	95,645
Contributions - employer	-	84,808	(84,808)
Contributions - employee	-	32,547	(32,547)
Net investment income	-	627,520	(627,520)
Benefit payments, including refunds	(98,870)	(98,870)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(1,503)	1,503
Other changes	-	60	(60)
Net changes	\$ 220,228	\$ 644,562	\$ (424,334)
Balances at June 30, 2021	\$ 2,873,776	\$ 2,909,642	\$ (35,866)

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

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

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

	Rate		
	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
Town’s Net Pension Liability (Asset)	\$ 352,923	\$ (35,866)	\$ (356,061)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$26,217. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ -	\$ 24,347
Change in assumptions	60,352	-
Net difference between projected and actual earnings on pension plan investments	-	315,318
Change in proportionate share	95,247	95,247
Employer contributions subsequent to the measurement date	<u>75,617</u>	<u>-</u>
Total	<u>\$ 231,216</u>	<u>\$ 434,912</u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

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

\$75,617 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2023	\$ (53,221)
2024	(57,662)
2025	(73,618)
2026	(94,812)
2027	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. 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 plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the Plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$3,036 and \$3,491 for the years ended June 30, 2022 and June 30, 2021, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2022, the entity reported a liability of \$36,442 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.00310% as compared to 0.00310% at June 30, 2020.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$1,247. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Primary Government</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,156	\$ 278
Net difference between projected and actual earnings on GLI OPEB program investments	-	8,698
Change in assumptions	2,009	4,986
Changes in proportion	949	653
Employer contributions subsequent to the measurement date	3,036	-
Total	<u>\$ 10,150</u>	<u>\$ 14,615</u>

\$3,036 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2023	\$ (2,041)
2024	(1,391)
2025	(1,169)
2026	(2,488)
2027	(412)
Thereafter	-

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the Plan’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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
Employers' Net GLI OPEB Liability (Asset)	\$	<hr/> <hr/> 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System’s 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 System’s 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>Long-Term Target Asset 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.39%</u>

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and 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 ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate: (Continued)

Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB 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:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 53,243	\$ 36,442	\$ 22,874

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 9—CONTINGENT LIABILITIES:

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

At June 30, 2022, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decision or pending matter not be favorable to the Town.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 10—SURETY BONDS:

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

NOTE 11—RISK MANAGEMENT:

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

NOTE 12—UPCOMING PRONOUNCEMENTS:

Statement No. 91, *Conduit Debt Obligations*, 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, 2020.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to for fiscal years beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2022 (Continued)

NOTE 13—COVID-19 PANDEMIC FUNDING:

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

In June of 2021, the Town received its share of the first half of the CSLFRF funds in the amount of \$628,216. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$373,947 from the initial allocation are reported as unearned revenue as of June 30.

NOTE 14—DISPOSAL OF OPERATIONS—TRANSFER OF WASTEWATER FACILITIES:

In January of 2022, the Town signed an agreement with the Hampton Roads Sanitation District (HRSD) for the transfer of the Onancock Wastewater Treatment Plant to HRSD. Under the terms of the agreement, the ownership of all capital assets and related depreciation associated with the wastewater plant, which were previously shown in the Water and Sewer Fund of the financial statements, passed to HRSD, as well as all debt obligations associated with the wastewater plant. Upon the transfer of ownership, HRSD became responsible for the operations and maintenance of the wastewater plant and began billing the Town monthly for wastewater services provided to Town residents, the Town continues to bill and collect payments for wastewater services.

NOTE 15—RESTATEMENT OF BEGINNING NET POSITION:

In 2022, the Town restated beginning net position as follows:

	Governmental Activities	Special Revenue Fund
Net position as reported at June 30, 2021	\$ 3,409,927	\$ (30,456)
Unrecorded capital asset from prior year	114,200	-
Unrecorded grant revenue from prior year	73,818	73,818
Net position as restated at June 30, 2021	\$ <u>3,597,945</u>	\$ <u>43,362</u>

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 Year Ended June 30, 2022

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 589,952	\$ 589,952	\$ 582,899	\$ (7,053)
Other local taxes	334,850	334,850	482,509	147,659
Permits, privilege fees and regulatory licenses	750	750	1,975	1,225
Fines and forfeitures	5,000	5,000	7,004	2,004
Revenue from use of money and property	37,240	37,240	4,976	(32,264)
Charges for services	249,500	249,500	268,252	18,752
Miscellaneous	8,000	8,000	7,182	(818)
Intergovernmental:				
Commonwealth	179,548	179,548	179,044	(504)
Total revenues	<u>\$ 1,404,840</u>	<u>\$ 1,404,840</u>	<u>\$ 1,566,841</u>	<u>\$ 162,001</u>
Expenditures:				
Current:				
General government administration	\$ 355,927	\$ 362,427	\$ 364,319	\$ (1,892)
Public safety	463,350	463,350	523,898	(60,548)
Public works	281,397	281,397	498,710	(217,313)
Parks, recreation and cultural	270,885	270,885	292,254	(21,369)
Debt service:				
Principal retirement	26,781	26,781	31,761	(4,980.00)
Interest and other fiscal charges	-	-	1,574	(1,574.00)
Total expenditures	<u>\$ 1,398,340</u>	<u>\$ 1,404,840</u>	<u>\$ 1,712,516</u>	<u>\$ (307,676)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,500</u>	<u>\$ -</u>	<u>\$ (145,675)</u>	<u>\$ (145,675)</u>
Other financing sources (uses):				
Issuance of note payable	\$ -	\$ -	\$ 62,000	\$ 62,000
Tranfers in	-	-	296,852	296,852
Tranfers out	-	-	(5,158)	(5,158)
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,694</u>	<u>\$ 353,694</u>
Changes in fund balance	\$ 6,500	\$ -	\$ 208,019	\$ 208,019
Fund balance at beginning of year	<u>-</u>	<u>(59,438)</u>	<u>1,542,578</u>	<u>1,602,016</u>
Fund balance at end of year	<u>\$ 6,500</u>	<u>\$ (59,438)</u>	<u>\$ 1,750,597</u>	<u>\$ 1,810,035</u>

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Special Revenue Fund
 Year Ended June 30, 2022

	Special Revenue Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 1,067	\$ 1,067
Intergovernmental:				
Commonwealth	-	4,400	87,358	82,958
Federal	200,000	200,000	570,472	370,472
Total revenues	\$ 200,000	\$ 204,400	\$ 658,897	\$ 454,497
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ 42,892	\$ (42,892)
Public works	266,667	266,667	493,302	(226,635)
Parks, recreation and cultural	-	270,298	185,254	85,044
Total expenditures	\$ 266,667	\$ 536,965	\$ 721,448	\$ (184,483)
Excess (deficiency) of revenues over (under) expenditures	\$ (66,667)	\$ (332,565)	\$ (62,551)	\$ 270,014
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 50,008	\$ 50,008
Total other financing sources (uses)	\$ -	\$ -	\$ 50,008	\$ 50,008
Changes in fund balance	\$ (66,667)	\$ (332,565)	\$ (12,543)	\$ 320,022
Fund balance at beginning of year	-	59,438	43,362	(16,076)

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>
Total pension liability							
Service cost	86,170	\$	85,510	\$	77,864	\$	55,828
Interest	175,778		166,082		143,253		136,229
Changes of benefit terms	-		-		193,358		-
Differences between expected and actual experience	(38,495)		(251)		29,830		3,343
Changes in assumptions	95,645		-		75,672		-
Benefit payments, including refunds of employee contributions	(98,870)		(116,544)		(95,398)		(94,717)
Net change in total pension liability	<u>220,228</u>	\$	<u>134,797</u>	\$	<u>424,579</u>	\$	<u>100,683</u>
Total pension liability - beginning	<u>2,653,548</u>		<u>2,518,751</u>		<u>2,094,172</u>		<u>1,993,489</u>
Total pension liability - ending (a)	<u><u>2,873,776</u></u>	\$	<u><u>2,653,548</u></u>	\$	<u><u>2,518,751</u></u>	\$	<u><u>2,094,172</u></u>
Plan fiduciary net position							
Contributions - employer	84,808	\$	98,393	\$	92,621	\$	62,978
Contributions - employee	32,547		32,313		28,833		27,687
Net investment income	627,520		43,567		139,097		141,513
Benefit payments, including refunds of employee contributions	(98,870)		(116,544)		(95,398)		(94,717)
Administrative expense	(1,503)		(1,399)		(1,310)		(1,201)
Other	60		(51)		(87)		(127)
Net change in plan fiduciary net position	<u>644,562</u>	\$	<u>56,279</u>	\$	<u>163,756</u>	\$	<u>136,133</u>
Plan fiduciary net position - beginning	<u>2,265,081</u>		<u>2,208,802</u>		<u>2,045,046</u>		<u>1,908,913</u>
Plan fiduciary net position - ending (b)	<u><u>2,909,643</u></u>	\$	<u><u>2,265,081</u></u>	\$	<u><u>2,208,802</u></u>	\$	<u><u>2,045,046</u></u>
Town's net pension liability (asset) - ending (a) - (b)	(35,867)	\$	388,467	\$	309,949	\$	49,126
Plan fiduciary net position as a percentage of the total pension liability	101.25%		85.36%		87.69%		97.65%
Covered payroll	646,543	\$	638,697	\$	600,509	\$	578,066
Town's net pension liability (asset) as a percentage of covered payroll	-5.55%		60.82%		51.61%		8.50%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability				
Service cost	\$ 58,400	\$ 75,604	\$ 73,146	\$ 72,307
Interest	106,142	97,981	88,362	79,678
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	373,386	(10,015)	1,712	-
Changes in assumptions	(27,872)	-	-	-
Benefit payments, including refunds of employee contributions	(65,775)	(28,177)	(23,434)	(32,429)
Net change in total pension liability	<u>\$ 444,281</u>	<u>\$ 135,393</u>	<u>\$ 139,786</u>	<u>\$ 119,556</u>
Total pension liability - beginning	1,549,208	1,413,815	1,274,029	1,154,473
Total pension liability - ending (a)	<u><u>\$ 1,993,489</u></u>	<u><u>\$ 1,549,208</u></u>	<u><u>\$ 1,413,815</u></u>	<u><u>\$ 1,274,029</u></u>
Plan fiduciary net position				
Contributions - employer	\$ 28,585	\$ 33,814	\$ 35,147	\$ 32,602
Contributions - employee	27,283	27,980	29,093	29,051
Net investment income	209,248	30,323	72,129	208,152
Benefit payments, including refunds of employee contributions	(65,775)	(28,177)	(23,434)	(32,429)
Administrative expense	(1,195)	(1,001)	(932)	(1,086)
Other	(187)	(13)	(17)	11
Net change in plan fiduciary net position	<u>\$ 197,959</u>	<u>\$ 62,926</u>	<u>\$ 111,986</u>	<u>\$ 236,301</u>
Plan fiduciary net position - beginning	1,710,954	1,648,028	1,536,042	1,299,741
Plan fiduciary net position - ending (b)	<u><u>\$ 1,908,913</u></u>	<u><u>\$ 1,710,954</u></u>	<u><u>\$ 1,648,028</u></u>	<u><u>\$ 1,536,042</u></u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 84,576	\$ (161,746)	\$ (234,213)	\$ (262,013)
Plan fiduciary net position as a percentage of the total pension liability	95.76%	110.44%	116.57%	120.57%
Covered payroll	\$ 575,774	\$ 571,914	\$ 593,511	\$ 582,194
Town's net pension liability (asset) as a percentage of covered payroll	14.69%	-28.28%	-39.46%	-45.00%

Schedule of Employer Contributions - Pension Plan
 Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 75,617	\$ 75,617	-	\$ 578,234	13.08%
2021	84,809	84,809	-	646,543	13.12%
2020	98,394	98,394	-	638,697	15.41%
2019	92,621	92,621	-	600,509	15.42%
2018	62,954	62,954	-	578,066	10.89%
2017	30,458	30,458	-	575,774	5.29%
2016	34,429	34,429	-	571,914	6.02%
2015	35,729	35,729	-	593,511	6.02%
2014	32,661	32,661	-	582,194	5.61%
2013	32,783	32,783	-	584,360	5.61%

Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation are based on the result of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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 experience are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2021

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
Primary Government:					
2021	0.0031%	\$ 36,442	\$ 646,543	5.64%	67.45%
2020	0.0031%	51,734	638,697	8.10%	52.64%
2019	0.0031%	49,794	600,509	8.29%	52.00%
2018	0.0030%	47,000	578,066	8.13%	51.22%
2017	0.0031%	47,000	575,774	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2013 through June 30, 2022

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Primary Government					
2022	\$ 3,036	\$ 3,036	\$ -	\$ 562,234	0.54%
2021	3,491	3,491	-	646,543	0.54%
2020	3,321	3,321	-	638,697	0.52%
2019	3,123	3,123	-	600,509	0.52%
2018	3,006	3,006	-	578,066	0.52%
2017	2,994	2,994	-	575,774	0.52%
2016	2,880	2,880	-	599,914	0.48%
2015	2,849	2,849	-	593,511	0.48%
2014	2,795	2,795	-	582,194	0.48%
2013	2,805	2,805	-	584,360	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation are based on the result of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in 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:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final
Withdrawal Rates	adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Other Supplementary Information

Supporting Schedules

General Fund and Special Revenue Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 423,000	\$ 423,000	\$ 403,210	\$ (19,790)
Public service corporation taxes	17,000	17,000	15,980	(1,020)
Personal property taxes	136,452	136,452	154,468	18,016
Penalties and interest	13,500	13,500	9,241	(4,259)
Total general property taxes	<u>\$ 589,952</u>	<u>\$ 589,952</u>	<u>\$ 582,899</u>	<u>\$ (7,053)</u>
Other local taxes:				
Local sales and use taxes	\$ 85,000	\$ 85,000	\$ 92,372	\$ 7,372
Consumers' utility taxes	60,000	60,000	56,036	(3,964)
Business license taxes	3,600	3,600	3,711	111
Motor vehicle licenses	-	-	20,834	20,834
Bank franchise tax	13,500	13,500	45,329	31,829
Transient occupancy tax	24,000	24,000	26,094	2,094
Meals taxes	148,750	148,750	238,133	89,383
Total other local taxes	<u>\$ 334,850</u>	<u>\$ 334,850</u>	<u>\$ 482,509</u>	<u>\$ 147,659</u>
Permits, privilege fees and regulatory licenses:				
Zoning fees	\$ 750	\$ 750	\$ 1,975	\$ 1,225
Fines and Forfeitures:				
Court fines and forfeitures	\$ 5,000	\$ 5,000	\$ 7,004	\$ 2,004
Revenue from use of money and property:				
Revenue from use of money	\$ 25,000	\$ 25,000	\$ (15,641)	\$ (40,641)
Revenue from use of property	12,240	12,240	20,617	8,377
Total revenue from use of money and property	<u>\$ 37,240</u>	<u>\$ 37,240</u>	<u>\$ 4,976</u>	<u>\$ (32,264)</u>
Charges for services:				
Boat dockage and ramp fees	\$ 50,000	\$ 50,000	\$ 62,384	\$ 12,384
Wharf - fuel sales	99,000	99,000	128,103	29,103
Wharf - general	1,500	1,500	7,964	6,464
Wharf - electric	5,000	5,000	8,537	3,537
Trash collections	94,000	94,000	61,264	(32,736)
Total charges for services	<u>\$ 249,500</u>	<u>\$ 249,500</u>	<u>\$ 268,252</u>	<u>\$ 18,752</u>

General Fund and Special Revenue Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 8,000	\$ 8,000	\$ 7,182	\$ (818)
Total miscellaneous	\$ 8,000	\$ 8,000	\$ 7,182	\$ (818)
Total revenue from local sources	\$ 1,225,292	\$ 1,225,292	\$ 1,354,797	\$ 129,505
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 75,000	\$ 75,000	\$ 70,207	\$ (4,793)
PPTRA	56,048	56,048	56,048	-
Total noncategorical aid	\$ 131,048	\$ 131,048	\$ 126,255	\$ (4,793)
Categorical aid:				
State fire grant	\$ 10,000	\$ 10,000	\$ 15,000	\$ 5,000
Police aid	36,000	36,000	30,660	(5,340)
Highway safety grant	-	-	4,300	4,300
Litter control grant	1,000	1,000	1,329	329
Virginia commission of the arts	1,500	1,500	1,500	-
Total categorical aid	\$ 48,500	\$ 48,500	\$ 52,789	\$ 4,289
Total revenue from the Commonwealth	\$ 179,548	\$ 179,548	\$ 179,044	\$ (504)
Revenue from the Federal Government:				
Categorical aid:				
Rural development grant	\$ -	\$ -	\$ 33,000	\$ 33,000
Total categorical aid	\$ -	\$ -	\$ 33,000	\$ 33,000
Total revenue from the federal government	\$ -	\$ -	\$ 33,000	\$ 33,000
Total General Fund	\$ 1,404,840	\$ 1,404,840	\$ 1,566,841	\$ 162,001

General Fund and Special Revenue Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Special Revenue Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 1,067	\$ 1,067
Total revenue from use of money and property	\$ -	\$ -	\$ 1,067	\$ 1,067
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wharf grant	\$ -	\$ -	\$ 80,702	\$ 80,702
Miscellaneous grants	-	4,400	6,656	2,256
Total categorical aid	\$ -	\$ 4,400	\$ 87,358	\$ 82,958
Total revenue from the Commonwealth	\$ -	\$ 4,400	\$ 87,358	\$ 82,958
Revenue from the Federal Government:				
Categorical aid:				
Police aid	\$ -	\$ -	\$ 36,307	\$ 36,307
CDBG grants	-	-	273,714	273,714
Forestry grant	-	-	4,250	4,250
FEMA grant	-	-	1,932	1,932
American Rescue Plan Act (ARPA) grant	200,000	200,000	254,269	54,269
Total categorical aid	\$ 200,000	\$ 200,000	\$ 570,472	\$ 370,472
Total revenue from the federal government	\$ 200,000	\$ 200,000	\$ 570,472	\$ 370,472
Total Special Revenue Fund	\$ 200,000	\$ 204,400	\$ 658,897	\$ 454,497
Total Primary Government	\$ 1,604,840	\$ 1,609,240	\$ 2,225,738	\$ 616,498

General Fund and Special Revenue Fund
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2022

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Mayor and council	\$ 14,200	\$ 14,200	\$ 14,396	\$ (196)
Payroll taxes	1,200	1,200	698	502
Town attorney	-	4,500	2,733	1,767
Election costs	1,185	1,185	-	1,185
Liability insurance	4,870	4,870	4,154	716
Office supplies	-	2,000	2,937	(937)
Travel	1,191	1,191	-	1,191
Main street program	15,000	15,000	24,000	(9,000)
Tourism transient occupancy transfer	4,500	4,500	4,500	-
Total legislative	<u>\$ 42,146</u>	<u>\$ 48,646</u>	<u>\$ 53,418</u>	<u>\$ (4,772)</u>
General and financial administration:				
Salaries	\$ 127,466	\$ 127,466	\$ 131,964	\$ (4,498)
Payroll taxes	9,751	9,751	7,125	2,626
Hospitalization	15,080	15,080	13,153	1,927
Retirement	17,233	17,233	22,625	(5,392)
Disability insurance	471	471	525	(54)
Life insurance	1,708	1,708	489	1,219
State unemployment	112	112	172	(60)
Training	1,400	1,400	227	1,173
Employee welfare	1,500	1,500	1,176	324
Auditing	17,253	17,253	17,750	(497)
Office equipment maintenance	7,800	7,800	7,982	(182)
Advertising	16,160	16,160	10,503	5,657
Postage	4,000	4,000	1,289	2,711
Telephone	1,644	1,644	3,272	(1,628)
Travel	1,800	1,800	45	1,755
Dues and memberships	1,535	1,535	2,440	(905)
Software	22,106	22,106	30,731	(8,625)
Website and printing	8,000	8,000	318	7,682
Office supplies	4,000	4,000	7,411	(3,411)
Miscellaneous	2,500	2,500	1,637	863
Parades	-	-	266	(266)
Cultural enrichment	3,000	3,000	2,669	331
Bank charges	3,300	3,300	3,577	(277)
Credit card fees	8,705	8,705	9,217	(512)
Bookkeeping	3,600	3,600	7,264	(3,664)
Legal and collection fees	2,000	2,000	1,750	250
Property insurance	10,525	10,525	7,308	3,217
Vehicle insurance	3,027	3,027	412	2,615
General liability	3,202	3,202	12,244	(9,042)
Workmens compensation	4,903	4,903	330	4,573
Contingency	10,000	10,000	5,030	4,970
Total general and financial administration	<u>\$ 313,781</u>	<u>\$ 313,781</u>	<u>\$ 310,901</u>	<u>\$ 2,880</u>
Total general government administration	<u>\$ 355,927</u>	<u>\$ 362,427</u>	<u>\$ 364,319</u>	<u>\$ (1,892)</u>

General Fund and Special Revenue Fund
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety:				
Law enforcement:				
Salaries for officers	\$ 249,801	\$ 249,801	\$ 235,717	\$ 14,084
Overtime	5,500	5,500	17,237	(11,737)
Payroll taxes	19,531	19,531	13,892	5,639
Retirement	33,773	33,773	35,158	(1,385)
Hospitalization	25,851	25,851	17,735	8,116
Life insurance	3,347	3,347	2,027	1,320
State unemployment	320	320	239	81
Training	27,390	27,390	11,017	16,373
Vehicle repairs	6,000	6,000	2,791	3,209
Computer maintenance	2,500	2,500	4,652	(2,152)
Telephone	3,276	3,276	3,165	111
Line of duty act insurance	3,750	3,750	3,655	95
Vehicle insurance	3,530	3,530	2,801	729
Workmens compensation	8,473	8,473	8,823	(350)
Travel	1,500	1,500	989	511
Office supplies	1,800	1,800	2,324	(524)
Vehicle fuel	8,400	8,400	12,527	(4,127)
Uniforms	3,000	3,000	1,382	1,618
Court costs	500	500	178	322
Police supplies	7,000	7,000	11,696	(4,696)
Police vehicles	13,108	13,108	95,893	(82,785)
Total law enforcement	\$ 428,350	\$ 428,350	\$ 483,898	\$ (55,548)
Fire and rescue:				
Contributions fire companies	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Fire programs funding	10,000	10,000	15,000	(5,000)
Total fire and rescue	\$ 35,000	\$ 35,000	\$ 40,000	\$ (5,000)
Total public safety	\$ 463,350	\$ 463,350	\$ 523,898	\$ (60,548)
Public works:				
Street maintenance:				
Salaries	\$ 44,277	\$ 44,277	\$ 46,648	\$ (2,371)
Overtime	1,500	1,500	4,083	(2,583)
Payroll taxes	3,387	3,387	2,956	431
Retirement	5,986	5,986	6,927	(941)
Hospitalization	8,617	8,617	7,898	719
Disability insurance	238	238	184	54
Life insurance	593	593	382	211
State unemployment	128	128	47	81
Vehicle repairs	1,200	1,200	615	585
Electricity	30,000	30,000	18,277	11,723
Heating oil	3,500	3,500	2,554	946
Street repairs	146,832	146,832	165,133	(18,301)
Vehicle fuel	3,000	3,000	3,686	(686)
Small equipment repair	1,000	1,000	3,013	(2,013)
Safety/street signs	1,000	1,000	1,140	(140)
Uniforms	865	865	2,614	(1,749)
Cleaning services	5,000	5,000	3,914	1,086
Janitorial supplies	-	-	985	(985)
Trash can liners	500	500	1,158	(658)
Blacksmith shop	824	824	93	731
Workmens compensation	-	-	1,481	(1,481)
Property insurance	-	-	2,004	(2,004)
Vehicle insurance	-	-	412	(412)
Capital expenditures	10,500	10,500	212,724	(202,224)
Total street maintenance	\$ 268,947	\$ 268,947	\$ 488,928	\$ (219,981)

General Fund and Special Revenue Fund
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public works: (Continued)				
Sanitation and waste:				
Vehicle maintenance	\$ -	\$ -	\$ 23	\$ (23)
Repairs and maintenance	-	-	534	(534)
Vehicle fuel	-	-	103	(103)
Total sanitation and waste	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 660</u>	<u>\$ (660)</u>
Mosquito and weed control:				
Mosquito control	\$ 7,200	\$ 7,200	\$ 4,917	\$ 2,283
Weed control	<u>5,250</u>	<u>5,250</u>	<u>4,150</u>	<u>1,100</u>
Total mosquito and weed control	<u>\$ 12,450</u>	<u>\$ 12,450</u>	<u>\$ 9,067</u>	<u>\$ 3,383</u>
Buildings and grounds:				
Repairs and maintenance	-	-	55	(55)
Total buildings and grounds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ (55)</u>
Total public works	<u>\$ 281,397</u>	<u>\$ 281,397</u>	<u>\$ 498,710</u>	<u>\$ (217,313)</u>
Parks, recreation and cultural:				
Parks and recreation:				
Salaries	\$ 29,565	\$ 29,565	\$ 11,101	\$ 18,464
Overtime	1,000	1,000	2,775	(1,775)
Payroll taxes	2,262	2,262	776	1,486
Retirement	3,997	3,997	1,487	2,510
Hospitalization	8,617	8,617	2,154	6,463
Disability insurance	240	240	54	186
Life insurance	396	396	101	295
State unemployment	64	64	31	33
Grass cutting	8,250	8,250	7,400	850
Electricity	1,800	1,800	11,841	(10,041)
Vehicle fuel	-	-	2,562	(2,562)
Vehicle repair	-	-	839	(839)
Repair and maintenance supplies	3,200	3,200	11,806	(8,606)
Small tools	1,000	1,000	5,296	(4,296)
Plantings	7,500	7,500	6,607	893
Tree board and beautification	4,000	4,000	830	3,170
Holiday Decorations	4,300	4,300	2,120	2,180
Workmens compensation	-	-	1,481	(1,481)
Vehicle insurance	-	-	1,401	(1,401)
Total parks and recreation	<u>\$ 76,191</u>	<u>\$ 76,191</u>	<u>\$ 70,662</u>	<u>\$ 5,529</u>

General Fund and Special Revenue Fund
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation and cultural: (Continued)				
Wharf and marina:				
Salaries	\$ 63,180	\$ 63,180	\$ 58,071	\$ 5,109
Overtime	-	-	662	(662)
Payroll taxes	4,833	4,833	3,333	1,500
Retirement	3,809	3,809	6,348	(2,539)
Disability insurance	-	-	203	(203)
Life insurance	378	378	244	134
State unemployment	64	64	193	(129)
Credit card fees	3,750	3,750	5,423	(1,673)
Electric services	5,250	5,250	4,415	835
Telephone	1,511	1,511	624	887
Vehicle repair	-	-	259	(259)
Vehicle fuel	-	-	63	(63)
Janitorial supplies	1,100	1,100	351	749
Repair and maintenance supplies	7,000	7,000	7,797	(797)
Fuel purchases	78,000	78,000	104,528	(26,528)
Other operating supplies	1,000	1,000	558	442
Rent	5,500	5,500	7,150	(1,650)
Capital improvement	10,000	10,000	-	10,000
Advertising	9,000	9,000	17,969	(8,969)
Workmens compensation	-	-	2,670	(2,670)
Property insurance	319	319	319	-
Vehicle insurance	-	-	412	(412)
Total wharf and marina	<u>\$ 194,694</u>	<u>\$ 194,694</u>	<u>\$ 221,592</u>	<u>\$ (26,898)</u>
Total parks, recreation, and cultural	<u>\$ 270,885</u>	<u>\$ 270,885</u>	<u>\$ 292,254</u>	<u>\$ (21,369)</u>
Debt service:				
Principal retirement	\$ 26,781	\$ 26,781	\$ 31,761	\$ (4,980)
Interest and other fiscal charges	-	-	1,574	(1,574)
Total debt service	<u>\$ 26,781</u>	<u>\$ 26,781</u>	<u>\$ 33,335</u>	<u>\$ (6,554)</u>
Total General Fund	<u><u>\$ 1,398,340</u></u>	<u><u>\$ 1,404,840</u></u>	<u><u>\$ 1,712,516</u></u>	<u><u>\$ (307,676)</u></u>

General Fund and Special Revenue Fund
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
Public safety:				
Police supplies	\$ -	\$ -	\$ 42,892	\$ (42,892)
Total public safety	\$ -	\$ -	\$ 42,892	\$ (42,892)
Public works:				
COVID-19 business grants	\$ -	\$ -	\$ 241,795	\$ (241,795)
Utility arrears	-	-	3,619	(3,619)
American Rescue Plan Act (ARPA) expenditures	266,667	266,667	230,206	36,461
N.E. project planning	-	-	17,682	(17,682)
Total public works	\$ 266,667	\$ 266,667	\$ 493,302	\$ (226,635)
Parks, recreation and cultural:				
Parks and recreation:				
Forestry	\$ -	\$ 6,500	\$ 10,850	\$ (4,350)
Total parks and recreation	\$ -	\$ 6,500	\$ 10,850	\$ (4,350)
Wharf and marina:				
Repair and maintenance supplies	\$ -	\$ 40,500	\$ 15,821	\$ 24,679
Capital improvement	-	223,298	158,583	64,715
Total wharf and marina	\$ -	\$ 263,798	\$ 174,404	\$ 89,394
Total parks, recreation, and cultural	\$ -	\$ 270,298	\$ 185,254	\$ 85,044
Total Special Revenue Fund	<u>\$ 266,667</u>	<u>\$ 536,965</u>	<u>\$ 721,448</u>	<u>\$ (184,483)</u>
Total Primary Government	<u>\$ 1,665,007</u>	<u>\$ 1,941,805</u>	<u>\$ 2,433,964</u>	<u>\$ (492,159)</u>

Statistical Information

Changes in Net Position
Last Ten Fiscal Years

	2013	2014	2015	2016	2017
Expenses					
Governmental Activities					
General Government Administration	\$ 312,234	\$ 360,651	\$ 302,632	\$ 287,787	\$ 361,305
Public Safety	341,356	354,843	347,946	353,330	358,015
Public Works	305,429	250,481	283,050	328,012	263,010
Parks, Recreation and Cultural	130,027	198,726	119,280	138,795	177,883
Interest and other fiscal charges	11,776	6,456	8,280	8,113	6,390
Total Governmental Activities Expenses	\$ 1,100,822	\$ 1,171,157	\$ 1,061,188	\$ 1,116,037	\$ 1,166,603
Business-Type Activities					
Public Utilities	\$ 1,167,127	\$ 1,162,288	\$ 1,178,520	\$ 1,191,331	\$ 1,139,410
Total Business-Type Activities Expenses	\$ 1,167,127	\$ 1,162,288	\$ 1,178,520	\$ 1,191,331	\$ 1,139,410
Total Primary Government Expenses	\$ 2,267,949	\$ 2,333,445	\$ 2,239,708	\$ 2,307,368	\$ 2,306,013
Program Revenues					
Governmental Activities					
Charges for Services	\$ 121,538	\$ 106,723	\$ 174,923	\$ 184,936	\$ 214,705
Operating Grants and Contributions	71,021	84,690	36,607	89,290	58,540
Capital Grants and Contributions	194,498	50,410	33,621	89,965	12,708
Total Governmental Activities Program Revenues	\$ 387,057	\$ 241,823	\$ 245,151	\$ 364,191	\$ 285,953
Business-Type Activities					
Charges for Services	\$ 939,787	\$ 736,275	\$ 849,830	\$ 872,777	\$ 1,018,085
Capital Grants and Contributions	194,187	-	335,790	-	-
Total Business-Type Activities Program Revenues	\$ 1,133,974	\$ 736,275	\$ 1,185,620	\$ 872,777	\$ 1,018,085
Total Primary Government Program Revenues	\$ 1,521,031	\$ 978,098	\$ 1,430,771	\$ 1,236,968	\$ 1,304,038
Net (Expense)/ Revenue					
Governmental Activities	\$ (713,765)	\$ (929,334)	\$ (816,037)	\$ (751,846)	\$ (880,650)
Business-Type Activities	(33,153)	(426,013)	7,100	(318,554)	(121,325)
Total Primary Government Net (Expense)/ Revenue	\$ (746,918)	\$ (1,355,347)	\$ (808,937)	\$ (1,070,400)	\$ (1,001,975)
General Revenues and Other Changes in Net Position					
Governmental Activities					
General Property Taxes	\$ 439,399	\$ 432,462	\$ 423,094	\$ 410,275	\$ 493,419
Other Local Taxes	411,346	363,988	428,063	333,215	328,025
Revenues from the use of money & property	34,026	29,771	29,631	29,754	8,061
Unrealized gain (loss) on investments	-	-	-	-	-
Commonwealth of Virginia - PPTRA	68,265	68,265	68,265	163,813	161,209
Miscellaneous	9,099	38,627	20,855	19,246	24,205
Transfers	-	-	-	-	-
Total Governmental Activities	\$ 962,135	\$ 933,113	\$ 969,908	\$ 956,303	\$ 1,014,919
Business-Type Activities					
Revenues from the use of money & property	\$ 86	\$ 22	\$ -	\$ -	\$ -
Loss from disposal of operations	-	-	-	-	-
Miscellaneous	18,604	28,101	-	-	-
Transfers	-	-	-	-	-
Total Business-Type Activities	\$ 18,690	\$ 28,123	\$ -	\$ -	\$ -
Total Primary Government	\$ 980,825	\$ 961,236	\$ 969,908	\$ 956,303	\$ 1,014,919
Change in Net Position					
Governmental Activities	\$ 248,370	\$ 3,779	\$ 153,871	\$ 204,457	\$ 134,269
Business-Type Activities	(14,463)	(397,890)	7,100	(318,554)	(121,325)
Total Primary Government Change in Net Position	\$ 233,907	\$ (394,111)	\$ 160,971	\$ (114,097)	\$ 12,944

Changes in Net Position
Last Ten Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Expenses					
Governmental Activities					
General Government Administration	\$ 413,815	\$ 439,012	\$ 445,193	\$ 422,966	\$ 357,450
Public Safety	431,419	394,527	527,376	379,740	458,809
Public Works	230,893	242,127	278,067	652,990	692,923
Parks, Recreation and Cultural	162,004	327,598	230,244	254,293	347,995
Interest and other fiscal charges	5,325	4,213	3,158	1,871	3,670
Total Governmental Activities Expenses	\$ 1,243,455	\$ 1,407,477	\$ 1,484,038	\$ 17,711,860	\$ 1,860,847
Business-Type Activities					
Public Utilities	\$ 1,233,602	\$ 1,284,629	\$ 1,481,930	\$ 1,259,310	\$ 995,563
Total Business-Type Activities Expenses	\$ 1,233,602	\$ 1,284,629	\$ 1,481,930	\$ 1,259,310	\$ 995,563
Total Primary Government Expenses	\$ 2,477,057	\$ 2,692,106	\$ 2,965,968	\$ 2,971,170	\$ 2,856,410
Program Revenues					
Governmental Activities					
Charges for Services	\$ 279,475	\$ 246,784	\$ 195,987	\$ 261,794	\$ 277,231
Operating Grants and Contributions	58,158	56,760	57,097	478,420	743,619
Capital Grants and Contributions	189,743	108,560	-	-	-
Total Governmental Activities Program Revenues	\$ 527,376	\$ 412,104	\$ 253,084	\$ 740,214	\$ 1,020,850
Business-Type Activities					
Charges for Services	\$ 1,190,191	\$ 1,246,115	\$ 1,269,121	\$ 1,431,208	\$ 1,519,756
Capital Grants and Contributions	-	199,973	119,986	-	-
Total Business-Type Activities Program Revenues	\$ 1,190,191	\$ 1,446,088	\$ 1,389,107	\$ 1,431,208	\$ 1,519,756
Total Primary Government Program Revenues	\$ 1,717,567	\$ 1,858,192	\$ 1,642,191	\$ 2,171,422	\$ 2,540,606
Net (Expense)/ Revenue					
Governmental Activities	\$ (716,079)	\$ (995,373)	\$ (1,230,954)	\$ (971,646)	\$ (839,997)
Business-Type Activities	(43,411)	161,459	(92,823)	171,898	524,193
Total Primary Government Net (Expense)/ Revenue	\$ (759,490)	\$ (833,914)	\$ (1,323,777)	\$ (799,748)	\$ (315,804)
General Revenues and Other Changes in Net Position					
Governmental Activities					
General Property Taxes	\$ 508,046	\$ 493,412	\$ 513,967	\$ 585,886	\$ 595,180
Other Local Taxes	388,855	428,049	357,037	451,441	482,509
Revenues from the use of money & property	10,715	19,613	30,978	19,327	28,158
Unrealized gain (loss) on investments	-	-	-	-	(50,846)
Commonwealth of Virginia - PPTRA	158,848	152,663	136,547	130,406	126,255
Miscellaneous	20,660	25,052	44,156	30,696	7,182
Transfers	-	-	-	95,668	341,702
Total Governmental Activities	\$ 1,087,124	\$ 1,118,789	\$ 1,082,685	\$ 1,313,424	\$ 1,530,140
Business-Type Activities					
Revenues from the use of money & property	\$ 7,597	\$ 15,934	\$ 11,909	\$ 584	\$ 3,818
Loss from disposal of operations	-	-	-	-	(8,502,487)
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	(95,668)	(341,702)
Total Business-Type Activities	\$ 7,597	\$ 15,934	\$ 11,909	\$ (95,084)	\$ (8,840,371)
Total Primary Government	\$ 1,094,721	\$ 1,134,723	\$ 1,094,594	\$ 1,218,340	\$ (7,310,231)
Change in Net Position					
Governmental Activities	\$ 371,045	\$ 123,416	\$ (148,269)	\$ 341,778	\$ 690,143
Business-Type Activities	(35,814)	177,393	(80,914)	76,814	(8,316,178)
Total Primary Government Change in Net Position	\$ 335,231	\$ 300,809	\$ (229,183)	\$ 418,592	\$ (7,626,035)

Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues					
General property taxes	\$ 428,929	\$ 436,142	\$ 440,035	\$ 418,148	\$ 460,414
Other local taxes	411,346	363,988	428,063	333,215	328,025
Permits, privilege fees and regulatory licenses	-	-	-	400	600
Fines and forfeitures	10,978	18,410	18,946	15,975	15,162
Revenue from the use of money and property	34,026	29,771	29,631	29,754	8,061
Charges for services	110,560	88,313	155,977	168,561	198,943
Miscellaneous	9,099	38,627	20,855	19,246	24,205
Intergovernmental	333,784	203,365	138,493	343,068	232,457
Total Revenues	\$ 1,338,722	\$ 1,178,616	\$ 1,232,000	\$ 1,328,367	\$ 1,267,867
Expenditures					
General administration	\$ 304,633	\$ 346,266	\$ 299,455	\$ 260,829	\$ 337,182
Public safety	325,275	343,672	378,356	341,395	339,992
Public works	265,837	269,500	271,733	292,436	220,309
Parks recreation and cultural	284,164	190,625	167,883	203,527	196,607
Capital outlays & non-departmental	-	11,866	344	28,599	11,834
Debt Service	32,301	27,838	32,998	37,101	40,775
Total Expenditures	\$ 1,212,210	\$ 1,189,767	\$ 1,150,769	\$ 1,163,887	\$ 1,146,699
Excess (deficiency) of revenues over (under) expenditures	\$ 126,512	\$ (11,151)	\$ 81,231	\$ 164,480	\$ 121,168
Other Financing Sources (Uses)					
Issuance of notes payable	\$ -	\$ -	\$ 32,000	\$ -	\$ -
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 32,000	\$ -	\$ -
Net Change in Fund Balance	\$ 126,512	\$ (11,151)	\$ 113,231	\$ 164,480	\$ 121,168
Debt Service as a Percentage of Expenditures	2.66%	2.34%	2.87%	3.19%	3.56%

Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues					
General property taxes	\$ 527,472	\$ 503,696	\$ 521,725	\$ 593,668	\$ 582,899
Other local taxes	388,855	428,049	357,037	451,441	482,509
Permits, privilege fees and regulatory licenses	950	275	375	1,700	1,975
Fines and forfeitures	16,218	13,959	9,168	8,290	7,004
Revenue from the use of money and property	10,715	19,613	30,978	19,327	6,043
Charges for services	262,307	232,550	186,444	251,804	268,252
Miscellaneous	20,660	25,051	44,156	30,696	7,182
Intergovernmental	406,749	317,983	193,644	608,826	869,874
Total Revenues	\$ 1,633,926	\$ 1,541,176	\$ 1,343,527	\$ 1,965,752	\$ 2,225,738
Expenditures					
General administration	\$ 378,915	\$ 383,478	\$ 367,338	\$ 393,543	\$ 364,319
Public safety	402,976	363,321	431,698	365,747	566,790
Public works	196,477	200,047	228,848	612,623	992,012
Parks recreation and cultural	394,633	309,745	201,025	376,222	477,508
Capital outlays & non-departmental	20,833	30,844	7,031	1,450	-
Debt Service	33,814	33,813	33,115	26,782	33,335
Total Expenditures	\$ 1,427,648	\$ 1,321,248	\$ 1,269,055	\$ 1,776,367	\$ 2,433,964
Excess (deficiency) of revenues over (under) expenditures	\$ 206,278	\$ 219,928	\$ 74,472	\$ 189,385	\$ (208,226)
Other Financing Sources (Uses)					
Issuance of notes payable	\$ -	\$ -	\$ -	\$ -	\$ 62,000
Transfers in	-	-	-	1,328,042	346,860
Transfers out	-	-	-	(1,232,374)	(5,158)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 95,668	\$ 403,702
Net Change in Fund Balance	\$ 206,278	\$ 219,928	\$ 219,928	\$ 285,053	\$ 195,476
Debt Service as a Percentage of Expenditures	2.37%	2.56%	2.56%	1.51%	1.37%

Schedule of Legal Debt Margin
Last Ten Fiscal Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed value of real estate subject to taxation	\$ 118,891,900	\$ 118,862,000	\$ 117,363,100	\$ 117,738,100	\$ 115,819,000
Legal Debt Limit					
10% of Assessed Value of Taxable Real Estate:	\$ 11,889,190	\$ 11,886,200	\$ 11,736,310	\$ 11,773,810	\$ 11,581,900
Deduct:					
Bonds Payable	<u>10,101,659</u>	<u>9,668,641</u>	<u>9,223,390</u>	<u>8,645,722</u>	<u>8,226,150</u>
Legal Margin for Creation of Additional Debt	<u>\$ 1,787,531</u>	<u>\$ 2,217,559</u>	<u>\$ 2,512,920</u>	<u>\$ 3,128,088</u>	<u>\$ 3,355,750</u>

Schedule of Legal Debt Margin
Last Ten Fiscal Years

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Assessed value of real estate subject to taxation	\$ 116,186,600	\$ 115,366,200	\$ 116,630,900	\$ 126,689,550	\$ 142,266,148
Legal Debt Limit					
10% of Assessed Value of Taxable Real Estate:	\$ 11,618,660	\$ 11,536,620	\$ 11,663,090	\$ 12,668,955	\$ 14,226,615
Deduct:					
Bonds Payable	<u>7,804,707</u>	<u>7,381,329</u>	<u>6,955,956</u>	<u>6,528,519</u>	<u>2,489,999</u>
Legal Margin for Creation of Additional Debt	<u>\$ 3,813,953</u>	<u>\$ 4,155,291</u>	<u>\$ 4,707,134</u>	<u>\$ 6,140,436</u>	<u>\$ 11,736,616</u>

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2013	\$ 473,286	\$ 498,762	105.38%
2014	484,286	488,427	100.86%
2015	482,140	488,180	101.25%
2016	489,609	471,763	96.36%
2017	498,602	495,318	99.34%
2018	575,275	558,488	97.08%
2019	569,022	558,857	98.21%
2020	579,137	563,495	97.30%
2021	616,688	627,819	101.80%
2022	646,749	629,706	97.36%

(1) Exclusive of penalties and interest.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Public Service (2)	Total
2013	\$ 118,891,900	\$ 8,293,639	\$ 6,195,454	\$ 133,380,993
2014	118,862,000	8,964,622	5,705,176	133,531,798
2015	117,363,100	9,350,884	5,236,800	131,950,784
2016	117,738,100	9,547,476	5,120,424	132,406,000
2017	115,819,000	9,781,675	5,395,276	130,995,951
2019	116,186,600	9,831,688	5,434,336	131,452,624
2019	115,366,200	9,515,894	5,435,513	130,317,607
2020	116,630,900	9,985,187	5,252,368	131,868,455
2021	126,689,550	10,071,442	5,505,156	142,266,148
2022	127,509,100	11,805,157	4,937,866	144,252,123

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

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

Compliance



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the 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 Town of Onancock, Virginia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Onancock, Virginia's basic financial statements, and have issued our report dated July 14, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
July 14, 2023