

TOWN OF ONANCOCK, VIRGINIA



FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2024

TOWN OF ONANCOCK, VIRGINIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

COUNCIL

Fletcher Fosque, Mayor

Joy Marino

Omar Grubb

Ashley Pettit

Cynthia Holdren

Lisa Fiege

Sarah Nock

OFFICIALS

Matt Spuck, Town Manager

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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, the discretely presented component unit, and each major fund of the Town of Onancock, Virginia, as of and for the year ended June 30, 2024, 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, the discretely presented component unit, and each major fund of the Town of Onancock, Virginia, as of June 30, 2024, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Change in Reporting Entity

As described in Note 15 to the financial statements, in 2024, the Onancock Economic Development Authority (EDA) was created to promote economic growth and development in the community. The EDA is a legally separate entity with its board members appointed by Town of Onancock Council, and it is reported as a discretely presented component unit of the Town. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 other supplementary information and the schedule of expenditures of federal awards 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 information 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 October 1, 2025, 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
October 1, 2025

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, 2024.

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 \$9,221,003 (net position). A majority of this amount, \$4,719,333, 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 \$3,080,166, an increase of \$541,350 from the prior year. The Town reported a Special Revenue Fund balance of \$561,857, an increase of \$426,840 from the prior year.
- The Town's total long-term obligations decreased from \$2,552,112 to \$2,355,610 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 not only the Town itself (known as the primary government), but also a legally separate economic development authority for which the Town is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 two governmental funds. The General Fund and the Special Revenue Fund are considered to be major funds.

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 schedules related to pension and OPEB.

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 \$9,221,004 at the close of the most recent fiscal year.

Town of Onancock, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 4,340,867	\$ 3,858,056	\$ 868,213	\$ 780,928	\$ 5,209,080	\$ 4,638,984
Capital assets	3,689,660	3,071,995	3,308,359	3,285,450	6,998,019	6,357,445
Total assets	\$ 8,030,527	\$ 6,930,051	\$ 4,176,572	\$ 4,066,378	\$ 12,207,099	\$ 10,996,429
Deferred outflows of resources	\$ 96,620	\$ 144,101	\$ 14,001	\$ 17,558	\$ 110,621	\$ 161,659
Total assets and deferred outflows of resources	\$ 8,127,147	\$ 7,074,152	\$ 4,190,573	\$ 4,083,936	\$ 12,317,720	\$ 11,158,088
Current liabilities	\$ 349,802	\$ 874,485	\$ 145,447	\$ 192,984	\$ 495,249	\$ 1,067,469
Long-term liabilities	293,419	373,395	2,135,946	2,264,622	2,429,365	2,638,017
Total liabilities	\$ 643,221	\$ 1,247,880	\$ 2,281,393	\$ 2,457,606	\$ 2,924,614	\$ 3,705,486
Deferred inflows of resources	\$ 109,709	\$ 117,938	\$ 62,394	\$ 97,823	\$ 172,103	\$ 215,761
Net position:						
Net investment in capital assets	\$ 3,657,840	\$ 3,027,910	\$ 1,061,493	\$ 916,569	\$ 4,719,333	\$ 3,944,479
Restricted for debt service	3,140,143	2,786,213	745,520	714,022	3,885,663	3,500,235
Unrestricted (deficit)	576,234	(105,789)	39,773	(102,084)	616,007	(207,873)
Total net position	\$ 7,374,217	\$ 5,708,334	\$ 1,846,786	\$ 1,528,507	\$ 9,221,003	\$ 7,236,841
Total liabilities, deferred inflows of resources and net position	\$ 8,127,147	\$ 7,074,152	\$ 4,190,573	\$ 4,083,936	\$ 12,317,720	\$ 11,158,088

A large part of the Town's net position, \$4,719,333, 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 \$1,665,883 and business-type activities increased net position by \$318,279. Key elements of these changes are as follows:

For the Years Ended June 30, 2024 and 2023						
	Governmental Activities		Business-type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 345,997	\$ 317,995	\$ 1,266,949	\$ 1,380,933	\$ 1,612,946	\$ 1,698,928
Operating grants and contributions	1,864,231	731,932	-	-	1,864,231	731,932
General revenues:						
General property taxes	578,601	580,180	-	-	578,601	580,180
Other local taxes	519,282	501,970	-	-	519,282	501,970
Other general revenues	369,534	279,319	31,497	13,520	401,031	292,839
Total revenues	\$ 3,677,645	\$ 2,411,396	\$ 1,298,446	\$ 1,394,453	\$ 4,976,091	\$ 3,805,849
Expenses:						
General government administration	\$ 427,967	\$ 419,704	\$ -	\$ -	\$ 427,967	\$ 419,704
Public safety	282,280	378,330	-	-	282,280	378,330
Public works	749,047	205,920	-	-	749,047	205,920
Parks, recreation, and cultural	561,411	797,423	-	-	561,411	797,423
Interest and other fiscal charges	839	4,936	-	-	839	4,936
Water and Sewer Fund	-	-	1,064,885	723,563	1,064,885	723,563
Total expenses	\$ 2,021,544	\$ 1,806,314	\$ 1,064,885	\$ 723,563	\$ 3,086,429	\$ 2,529,877
Transfers in (out)	9,782	786,433	(9,782)	(786,433)	-	-
Increase/(decrease) in net position	\$ 1,665,883	\$ 1,391,515	\$ 223,779	\$ (115,543)	\$ 1,889,662	\$ 1,275,972
Net position, beginning	5,708,334	4,316,819	1,528,507	1,644,050	7,236,841	5,960,869
Net position, ending	\$ 7,374,217	\$ 5,708,334	\$ 1,752,286	\$ 1,528,507	\$ 9,126,503	\$ 7,236,841

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, 2024, the Town's fund balances total was \$3,080,166, as the balance increased \$541,350 during the fiscal year.

General Fund Budgetary Highlights

The General Fund budget reflected revenues in the amount of \$1,616,175 and expenditures of \$1,641,175 (reference exhibit 9). Actual General Fund revenues totaled \$1,964,983 which was \$348,808 more than the final budget. General Fund expenditures totaled \$1,641,143 and were more than final budget amounts by \$32. Overall general revenues exceeded expenditures by \$323,840, 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, 2024 totals \$3,689,660 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, and machinery and equipment. The Town's investment in capital assets for the current fiscal year increased by \$617,665, due to construction costs on the Town's Welcome Center project. Net capital assets for the business-type activities increased by \$22,909.

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 \$122,015. 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, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents	\$ 1,018,714	\$ 55,103	\$ 1,073,817	\$ 991
Cash and cash equivalents - restricted	3,140,143	745,520	3,885,663	-
Receivables (net of allowance for uncollectibles):				-
Property taxes	57,003	-	57,003	-
Accounts receivable	23,311	46,533	69,844	-
Loan receivable	-	-	-	602,304
Prepaid items	6,139	1,330	7,469	-
Net pension asset	95,557	19,727	115,284	-
Capital assets (net of depreciation):				
Land	1,067,694	-	1,067,694	-
Construction in progress	526,400	-	526,400	-
Buildings and improvements	1,125,719	2,915,896	4,041,615	-
Machinery and equipment	494,742	148,545	643,287	-
Infrastructure	475,105	243,918	719,023	-
Total Assets	\$ 8,030,527	\$ 4,176,572	\$ 12,207,099	\$ 603,295
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 90,779	\$ 12,841	\$ 103,620	\$ -
OPEB related items	5,841	1,160	7,001	-
Total Deferred Outflows of Resources	\$ 96,620	\$ 14,001	\$ 110,621	\$ -
Total Assets and Deferred Outflows of Resources	\$ 8,127,147	\$ 4,190,573	\$ 12,317,720	\$ 603,295
LIABILITIES				
Accounts payable and accrued expenses	\$ 140,952	\$ 12,050	\$ 153,002	\$ -
Accrued interest payable	-	6,201	6,201	-
Unearned revenue				
Due within one year	192,202	3,391	195,593	-
Due in more than one year	214,207	-	214,207	-
Long-term obligations				
Due within one year	16,648	123,805	140,453	-
Due in more than one year	79,212	2,135,946	2,215,158	-
Total Liabilities	\$ 643,221	\$ 2,281,393	\$ 2,924,614	\$ -
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 99,350	\$ 60,404	\$ 159,754	\$ -
OPEB related items	10,359	1,990	12,349	-
Total Deferred Inflows of Resources	\$ 109,709	\$ 62,394	\$ 172,103	\$ -
NET POSITION				
Net investment in capital assets	\$ 3,657,840	\$ 1,061,493	\$ 4,719,333	\$ -
Restricted for debt service	3,140,143	745,520	3,885,663	-
Unrestricted	576,234	39,773	616,007	603,295
Total Net Position	\$ 7,374,217	\$ 1,846,786	\$ 9,221,003	\$ 603,295
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 8,127,147	\$ 4,190,573	\$ 12,317,720	\$ 603,295

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

Statement of Activities
Year Ended June 30, 2024

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT:					
Governmental activities:					
General government administration	\$ 427,967	\$ 2,340	\$ 1,544,175	\$ -	
Public safety	282,280	13,055	162,947	-	
Public works	749,047	96,162	108,129	-	
Parks, recreation and cultural	561,411	234,440	48,980	-	
Interest and other fiscal charges	839	-	-	-	
Total governmental activities	\$ 2,021,544	\$ 345,997	\$ 1,864,231	\$ -	
Business-type activities:					
Water and Sewer	1,064,885	1,266,949	94,500	-	
Total primary government	\$ 3,086,429	\$ 1,612,946	\$ 1,958,731	\$ -	
COMPONENT UNIT:					
Economic Development Authority	\$ 175	\$ -	\$ -	\$ -	
Total component unit	\$ 175	\$ -	\$ -	\$ -	

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

Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business- type Activities	Total	Economic Development Authority
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,118,548	\$ -	\$ 1,118,548	\$ -
Public safety	(106,278)	-	(106,278)	-
Public works	(544,756)	-	(544,756)	-
Parks, recreation and cultural	(277,991)	-	(277,991)	-
Interest and other fiscal charges	(839)	-	(839)	-
Total governmental activities	\$ 188,684	\$ -	\$ 188,684	\$ -
Business-type activities:				
Water and Sewer	-	296,564	296,564	-
Total primary government	\$ 188,684	\$ 296,564	\$ 485,248	\$ -
COMPONENT UNIT:				
Economic Development Authority	\$ -	\$ -	\$ -	\$ (175)
Total component unit	\$ -	\$ -	\$ -	\$ (175)
General revenues:				
General property taxes	\$ 578,601	\$ -	\$ 578,601	\$ -
Local sales and use taxes	88,131	-	88,131	-
Consumers utility taxes	55,290	-	55,290	-
Meals taxes	267,520	-	267,520	-
Business license taxes	8,511	-	8,511	-
Bank franchise taxes	40,004	-	40,004	-
Other local taxes	59,826	-	59,826	-
Unrestricted revenues from use of money	223,916	31,497	255,413	-
Grants and contributions not restricted to specific programs	133,025	-	133,025	-
Payment from primary government	-	-	-	603,470
Miscellaneous	12,593	-	12,593	-
Transfers	9,782	(9,782)	-	-
Total general revenues and transfers	\$ 1,477,199	\$ 21,715	\$ 1,498,914	\$ 603,470
Change in net position	\$ 1,665,883	\$ 318,279	\$ 1,984,162	\$ 603,295
Net position - beginning	5,708,334	1,528,507	7,236,841	-
Net position - ending	\$ 7,374,217	\$ 1,846,786	\$ 9,221,003	\$ 603,295

Fund Financial Statements

Balance Sheet - Governmental Funds

June 30, 2024

	General Fund	Special Revenue Fund	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 251,162	\$ 767,552	\$ 1,018,714
Cash and cash equivalents - restricted	3,140,143	-	3,140,143
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	57,003	-	57,003
Accounts receivable	7,654	15,657	23,311
Prepaid items	6,139	-	6,139
Total assets	<u>\$ 3,462,101</u>	<u>\$ 783,209</u>	<u>\$ 4,245,310</u>
LIABILITIES			
Accounts payable	\$ 104,952	\$ 36,000	\$ 140,952
Unearned revenue	221,057	185,352	406,409
Total liabilities	<u>\$ 326,009</u>	<u>\$ 221,352</u>	<u>\$ 547,361</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>\$ 55,926</u>	<u>\$ -</u>	<u>\$ 55,926</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 6,139	\$ -	\$ 6,139
Restricted:			
Debt service	3,140,143	-	3,140,143
Assigned			
Special revenue	-	561,857	561,857
Unassigned (deficit)	<u>(66,116)</u>	<u>-</u>	<u>(66,116)</u>
Total fund balances	<u>\$ 3,080,166</u>	<u>\$ 561,857</u>	<u>\$ 3,642,023</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,462,101</u>	<u>\$ 783,209</u>	<u>\$ 4,245,310</u>

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

Total fund balances for governmental funds (see above) \$ 3,642,023

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

Land	\$ 1,067,694	
Construction in progress	526,400	
Buildings and improvements	1,125,719	
Machinery and equipment	494,742	
Infrastructure	<u>475,105</u>	3,689,660

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 55,926

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

95,557

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

Pension related items	\$ 90,779	
OPEB related items	<u>5,841</u>	96,620

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

Notes payable	\$ (31,820)	
Compensated absences	(41,204)	
Net OPEB liability	<u>(22,836)</u>	(95,860)

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

Pension related items	(99,350)	
OPEB related items	<u>(10,359)</u>	<u>(109,709)</u>

Total net position of government activities \$ 7,374,217

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, 2024

	General Fund	Special Revenue Fund	Total
Revenues:			
General property taxes	\$ 623,959	\$ -	\$ 623,959
Other local taxes	519,282	-	519,282
Permits, privilege fees and regulatory licenses	2,340	-	2,340
Fines and forfeitures	13,055	-	13,055
Revenue from use of money and property	173,458	50,458	223,916
Charges for services	330,602	-	330,602
Miscellaneous	6,393	6,200	12,593
Intergovernmental:			
Commonwealth	198,868	59,264	258,132
Federal	97,026	1,642,098	1,739,124
Total revenues	\$ 1,964,983	\$ 1,758,020	\$ 3,723,003
Expenditures:			
Current:			
General government administration	\$ 446,829	\$ -	\$ 446,829
Public safety	536,287	4,408	540,695
Public works	304,346	388,106	692,452
Parks, recreation and cultural	340,573	730,938	1,071,511
Debt service:			
Principal retirement	12,269	-	12,269
Interest and other fiscal charges	839	-	839
Total expenditures	\$ 1,641,143	\$ 1,123,452	\$ 2,764,595
Excess (deficiency) of revenues over (under) expenditures	\$ 323,840	\$ 634,568	\$ 958,408
Other financing sources (uses):			
Transfers in	\$ 217,510	\$ -	\$ 217,510
Transfers out	-	(207,728)	(207,728)
Total other financing sources (uses)	\$ 217,510	\$ (207,728)	\$ 9,782
Net change in fund balances	\$ 541,350	\$ 426,840	\$ 968,190
Fund balances, at beginning of year	2,538,816	135,017	2,673,833
Fund balances, at end of year	\$ 3,080,166	\$ 561,857	\$ 3,642,023

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2024

		<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	\$	968,190
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	\$ 780,119	
Depreciation expense	<u>(162,454)</u>	617,665
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(45,358)
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		12,269
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	\$ (11,640)	
Pension expense	116,427	
OPEB expense	<u>8,330</u>	<u>113,117</u>
Change in net position of governmental activities	\$	<u><u>1,665,883</u></u>

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

Statement of Net Position
Proprietary Fund
June 30, 2024

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 55,103
Cash and cash equivalents - restricted debt service	745,520
Accounts receivable, net of allowance for uncollectibles	46,533
Prepaid items	1,330
Total current assets	\$ 848,486
Noncurrent assets:	
Net pension asset	\$ 19,727
Capital assets (net of accumulated depreciation):	
Buildings and improvements	\$ 2,915,896
Machinery and equipment	148,545
Infrastructure	243,918
Total capital assets (net of accumulated depreciation)	\$ 3,308,359
Total noncurrent assets	\$ 3,328,086
Total assets	\$ 4,176,572
DEFERRED OUTFLOWS OF RESOURCES	
Pension related items	\$ 12,841
OPEB related items	1,160
Total deferred outflows of resources	\$ 14,001
Total assets and deferred outflows of resources	\$ 4,190,573
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 12,050
Accrued interest payable	6,201
Unearned revenue	3,391
Bonds - current portion	122,955
Compensated absences - current portion	850
Total current liabilities	\$ 145,447
Noncurrent liabilities:	
Bonds - net of current portion	\$ 2,123,911
Compensated absences - net of current portion	7,647
Net OPEB liability	4,388
Total noncurrent liabilities	\$ 2,135,946
Total liabilities	\$ 2,281,393
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 60,404
OPEB related items	1,990
Total deferred inflows of resources	\$ 62,394
NET POSITION	
Net investment in capital assets	\$ 1,061,493
Restricted for debt service	745,520
Unrestricted	39,773
Total net position	\$ 1,846,786
Total liabilities, deferred inflows of resources and net position	\$ 4,190,573

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, 2024

	Enterprise Fund Water and Sewer Fund
Operating revenues:	
Charges for water services	\$ 513,153
Charges for sewer services	738,597
Penalties	12,519
Miscellaneous	2,680
Total operating revenues	<u>\$ 1,266,949</u>
Operating expenses:	
Water:	
Personnel services	\$ 113,137
Benefits	(14,096)
Contractual services	38,429
Other charges	3,376
Total water operating expenses	<u>\$ 140,846</u>
Sewer:	
Contractual services	\$ 95,318
Other charges	3,580
Total sewer operating expenses	<u>\$ 98,898</u>
Other operating expenses:	
Depreciation	\$ 185,696
Total other operating expenses	<u>\$ 185,696</u>
Total operating expenses	<u>\$ 425,440</u>
Operating income (loss)	<u>\$ 841,509</u>
Nonoperating revenues (expenses):	
Interest income	\$ 20,107
Unrealized gain (loss) on investments	11,390
Grant revenue	94,500
Interest expense	(35,975)
Contribution to Economic Development Authority	(603,470)
Total nonoperating revenues (expenses)	<u>\$ (513,448)</u>
Income (loss) before transfers	<u>\$ 328,061</u>
Transfers out	<u>\$ (9,782)</u>
Change in net position	<u>\$ 318,279</u>
Net position - beginning	<u>\$ 1,528,507</u>
Net position - ending	<u><u>\$ 1,846,786</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, 2024

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,284,511
Payments to employees (including fringe benefits)	(156,046)
Payments for operating activities	<u>(188,004)</u>
Net cash provided by (used for) operating activities	\$ <u>940,461</u>
Cash flows from noncapital financing activities:	
Grant revenue	\$ 94,500
Contribution to Economic Development Authority	(603,470)
Transfers	<u>(9,782)</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(518,752)</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (122,015)
Purchase of capital assets	(208,605)
Interest expense	<u>(35,975)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(366,595)</u>
Cash flows from investing activities:	
Interest income	\$ 20,107
Unrealized gain (loss) on investments	<u>11,380</u>
Net cash provided by (used for) investing activities	\$ <u>31,487</u>
Increase (decrease) in cash and cash equivalents	\$ 86,601
Cash and cash equivalents at beginning of year (includes restricted)	<u>714,022</u>
Cash and cash equivalents at end of year (includes restricted)	<u><u>\$ 800,623</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 841,509
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	185,696
Changes in operating activities:	
(Increase) decrease in accounts receivable	19,049
(Increase) decrease in prepaid items	(6)
(Increase) decrease in net pension asset	(19,727)
(Increase) decrease in deferred outflows of resources	3,557
Increase (decrease) in accounts payable	(47,295)
Increase (decrease) in unearned revenue	(1,487)
Increase (decrease) in compensated absences	3,186
Increase (decrease) in net pension liability	(11,799)
Increase (decrease) in net OPEB liability	3,207
Increase (decrease) in deferred inflows of resources	<u>(35,429)</u>
Net cash provided by (used for) operating activities	\$ <u><u>940,461</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, 2024

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, 2024 (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. 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 and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Discretely Presented Component Unit: The Town of Onancock Economic Development Authority is responsible for promoting economic growth, development, and revitalization in the Town. The Authority consists of seven members appointed by the Town Council. The Authority is fiscally dependent on the Town, and therefore, it is included in the Town's financial statements as a discrete presentation for the year ended June 30, 2024. The Authority does not issue a separate financial report.

C. 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.

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

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

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

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

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.

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

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

1. Governmental Funds (Continued)

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.

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.

D. 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. The Appropriations Resolution places legal restrictions on expenditures at the department level. The appropriation for each department or category can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within the general government departments.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all Town funds unless they are carried forward by a resolution of Town Council.
8. All budgetary data presented in the accompanying financial statements reflect budget revisions as of June 30.

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

D. Budgets and Budgetary Accounting (Continued)

9. Excess of expenditures over appropriations: For the year ended June 30, expenditures exceeded appropriations as follows:

General Fund:

General government administration	
General and financial administration	\$ 4,011
Public works	
Street maintenance	2,830
Mosquito and weed control	899
Parks, recreation, and cultural	
Parks and recreation	869
Wharf and marina	35,749
Debt service	13,108
Total general fund	<u>\$ 57,466</u>

Special Revenue Fund:

Public safety	\$ 4,408
Wharf and marina	<u>275,938</u>
Total special revenue fund	<u>\$ 280,346</u>

E. 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.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

G. 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.

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

H. 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, 2024, the allowance for uncollectible general property taxes totaled \$15,503 and \$24,040 for water and sewer receivables.

I. 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.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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

J. 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. 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.

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

K. 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.

L. 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.

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

M. 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.

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.

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

M. Fund Balance (Continued)

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).

N. Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable 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 included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

O. 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.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets 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 pension and OPEB. For more detailed information on these items, reference the related notes.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

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

P. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets 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 pension and OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Q. Pensions

For purposes of measuring the net pension asset, 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.

R. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS GLI OPEB liability, 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 Plan and the additions to/deductions from the VRS OPEB Plan's 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.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by 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.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

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 & 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, 2024 were rated by Standard & Poor's and the ratings are presented below using the Standard & Poor's rating scale.

Town's Rated Debt Investment's Value			
Rated Debt Investments		Fair Quality Ratings	
		AAA ⁺ m	AA ⁺ f
Virginia Investment Pool - Stable NAV Liquidity	\$	3,310,514	\$ -
Virginia Investment Pool - 1-3 Year High Quality Bond Fund		-	1,343,761
Total	\$	3,310,514	1,343,761

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Virginia Investment Pool	\$ 4,654,275	\$ 3,310,514	\$ 1,343,761
Total	\$ 4,654,275	\$ 3,310,514	\$ 1,343,761

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 Virginia Investment Pool Investment at the net asset value (NAV). There are no withdrawal limitations or restrictions.

Restricted Cash

The Town has the following restricted cash at June 30, 2024:

	Governmental Activities General Fund	Business-type Activities Water and Sewer Fund	Total
Restricted: Debt Service	\$ 3,140,143	\$ 745,520	\$ 3,885,663

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 4—CAPITAL ASSETS:

The following is a summary of changes in governmental activities capital assets for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,067,694	\$ -	\$ -	\$ 1,067,694
Construction in progress	35,489	490,911	-	526,400
Total capital assets not being depreciated	\$ 1,103,183	\$ 490,911	\$ -	\$ 1,594,094
Capital assets being depreciated:				
Buildings and improvements	\$ 1,886,952	\$ 54,875	\$ -	\$ 1,941,827
Machinery and equipment	596,768	234,333	30,475	800,626
Infrastructure	1,685,372	-	-	1,685,372
Total capital assets being depreciated	\$ 4,169,092	\$ 289,208	\$ 30,475	\$ 4,427,825
Accumulated depreciation:				
Buildings and improvements	\$ 763,905	\$ 52,203	\$ -	\$ 816,108
Machinery and equipment	270,606	65,753	30,475	305,884
Infrastructure	1,165,769	44,498	-	1,210,267
Total accumulated depreciation	\$ 2,200,280	\$ 162,454	\$ 30,475	\$ 2,332,259
Total capital assets being depreciated, net	\$ 1,968,812	\$ 126,754	\$ -	\$ 2,095,566
Net capital assets	\$ 3,071,995	\$ 617,665	\$ -	\$ 3,689,660

The following is a summary of changes in business-type activities capital assets for the fiscal year ended June 30, 2024:

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Business-type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 5,313,469	\$ -	\$ -	\$ 5,313,469
Machinery and equipment	260,499	120,348	-	380,847
Infrastructure	965,798	88,257	-	1,054,055
Total capital assets being depreciated	\$ 6,539,766	\$ 208,605	\$ -	\$ 6,748,371
Accumulated depreciation:				
Buildings and improvements	\$ 2,262,872	\$ 134,701	\$ -	\$ 2,397,573
Machinery and equipment	214,971	17,331	-	232,302
Infrastructure	776,473	33,664	-	810,137
Total accumulated depreciation	\$ 3,254,316	\$ 185,696	\$ -	\$ 3,440,012
Total capital assets being depreciated, net	\$ 3,285,450	\$ 22,909	\$ -	\$ 3,308,359
Net capital assets	\$ 3,285,450	\$ 22,909	\$ -	\$ 3,308,359

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	7,476
Public safety		41,882
Public works		60,817
Parks, recreation, and cultural		52,279
Total governmental activities	\$	<u>162,454</u>

Business-type activities:

Water and sewer	\$	<u>185,696</u>
Total business-type activities	\$	<u>185,696</u>

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, 2024:

	Balance July 1, 2023	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2024	Amounts Due Within One Year
Governmental Activities					
Direct borrowings and direct placements:					
Notes payable	\$ 44,085	\$ -	\$ 12,265	\$ 31,820	\$ 12,528
Compensated absences	29,564	19,881	8,241	41,204	4,120
Net pension liability	61,407	234,464	295,871	-	-
Net OPEB liability	<u>29,885</u>	<u>13,397</u>	<u>20,446</u>	<u>22,836</u>	<u>-</u>
Total Governmental Activities	<u>\$ 164,941</u>	<u>\$ 267,742</u>	<u>\$ 336,823</u>	<u>\$ 95,860</u>	<u>\$ 16,648</u>
Business-type Activities					
Direct borrowings and direct placements:					
General obligation bonds	\$ 2,368,881	\$ -	\$ 122,015	\$ 2,246,866	\$ 122,955
Compensated absences	5,311	4,885	1,699	8,497	850
Net pension liability	11,798	49,134	60,932	-	-
Net OPEB liability	<u>1,181</u>	<u>6,401</u>	<u>3,194</u>	<u>4,388</u>	<u>-</u>
Total Business-type Activities	<u>\$ 2,387,171</u>	<u>\$ 60,420</u>	<u>\$ 187,840</u>	<u>\$ 2,259,751</u>	<u>\$ 123,805</u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (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
2025	\$ 12,528	\$ 577	\$ 122,955	\$ 35,037
2026	12,795	308	123,932	34,061
2027	6,497	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	-	-	41,699	845
Total	\$ 31,820	\$ 937	\$ 2,246,866	\$ 468,310

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations at June 30, 2024 are as follows:

Governmental Activities Obligations:

Direct Borrowings and Direct Placements:

Notes Payable:

Note payable, USDA, payable in quarterly installments of \$3,277 through November 2026, interest at 2.125% \$ 31,820

Compensated Absences 41,204

Net OPEB Liability 22,836

Total Governmental Activities Obligations \$ 95,860

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% \$ 821,971

\$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% 36,094

\$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% 1,388,801

Total General Obligation Bonds \$ 2,246,866

Compensated Absences 8,497

Net OPEB Liability 4,388

Total Business-type Activities Obligations \$ 2,259,751

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 - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$55,926 at June 30, 2024.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 6—UNEARNED/UNAVAILABLE REVENUE: (CONTINUED)

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 \$1,256,432 from the American Rescue Plan Act (ARPA) Grant, which had not yet been fully spent as of year-end. At June 30, 2024, the current portion of unearned revenue is \$192,202 and the long-term portion is \$214,207.

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 \$3,391 at June 30, 2024.

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2024, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 217,510	\$ -
Special Revenue	-	207,728
Water and Sewer	-	9,782
Total	<u>\$ 217,510</u>	<u>\$ 217,510</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

NOTE 8—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.

NOTE 8—PENSION PLAN: (CONTINUED)

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.
- 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.

NOTE 8—PENSION PLAN: (CONTINUED)

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.

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	16
Inactive members:	
Vested inactive members	7
Non-vested inactive members	13
Inactive members active elsewhere in VRS	6
Total inactive members	26
Active members	11
Total covered employees	53

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, 2024 was 13.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 \$75,039 and \$68,454 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 8—PENSION PLAN: (CONTINUED)

Net Pension Asset

The net pension asset (NPA) 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 asset was measured as of June 30, 2023. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

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, 2022, 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, 2023.

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, 2024 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2022 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, 2021. 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, 2022, 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, 2023.

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

Mortality Rates:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

Mortality Rates: (Continued)

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, 2022 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, 2021. 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, 2024 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
	**Expected arithmetic nominal return		8.25%

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, 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 7.14%, 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 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, 2023, 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, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

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 (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2022	\$ 2,958,837	\$ 2,885,632	\$ 73,205
Changes for the year:			
Service cost	\$ 80,262	\$ -	\$ 80,262
Interest	200,762	-	200,762
Differences between expected and actual experience	(192,074)	-	(192,074)
Contributions - employer	-	68,451	(68,451)
Contributions - employee	-	24,386	(24,386)
Net investment income	-	186,372	(186,372)
Benefit payments, including refunds	(129,683)	(129,683)	-
Administrative expenses	-	(1,846)	1,846
Other changes	-	76	(76)
Net changes	\$ (40,733)	\$ 147,756	\$ (188,489)
Balances at June 30, 2023	\$ 2,918,104	\$ 3,033,388	\$ (115,284)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Town using the discount rate of 6.75%, as well as what the Town's net pension liability (asset) 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 Net Pension Liability (Asset)	\$ 269,120	\$ (115,284)	\$ (439,154)

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

For the year ended June 30, 2024, the Town recognized pension income of \$105,762. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 87,392
Net difference between projected and actual earnings on pension plan investments	-	43,781
Change in proportionate share	28,581	28,581
Employer contributions subsequent to the measurement date	75,039	-
Total	\$ 103,620	\$ 159,754

\$68,454 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2025	\$ (119,933)
2026	(53,736)
2027	41,076
2028	1,421
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 9—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:

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 \$9,254 as of June 30, 2024.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 \$3,195 and \$2,886 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special non-employer contribution.

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, 2024, the entity reported a liability of \$27,224 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00227% as compared to 0.00260% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$726. 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.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 9—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)

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,719	\$ 826
Net difference between projected and actual earnings on GLI OPEB plan investments	-	1,094
Change in assumptions	582	1,886
Changes in proportion	505	8,543
Employer contributions subsequent to the measurement date	3,195	-
Total	\$ 7,001	\$ 12,349

\$3,195 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, 2025. 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:

Year Ended June 30	Primary Government
2025	\$ (1,941)
2026	(2,906)
2027	(1,425)
2028	(1,895)
2029	(376)
Thereafter	-

NOTE 9—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, 2022, 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, 2023. 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, 2024 (Continued)

NOTE 9—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, 2022 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, 2021. 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

NOTE 9—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, 2022 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, 2021. 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, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		2,707,739
Employers' Net GLI OPEB Liability (Asset)	\$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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, 2024 (Continued)

NOTE 9—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:

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
	**Expected arithmetic nominal return		8.25%

*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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, 2023, 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 Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023, 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	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$	40,355	\$ 27,224	\$ 16,608

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 10—LINE OF DUTY ACT (LODA) (OPEB BENEFITS):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by Title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The Town has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the Town to the Virginia Risk Sharing Association (VRSA). VRSA assumes all liability for the Town's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2024 was \$2,924.

NOTE 11—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, 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, 2024, 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.

At June 30, 2024, there was a construction commitment outstanding of \$281,745.

NOTE 12—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.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2024 (Continued)

NOTE 13—UPCOMING PRONOUNCEMENTS:

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.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

NOTE 14—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, the second half of the funds, also in the amount of \$628,216 were received in July of 2023. 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 \$185,352 from the initial allocation are reported as unearned revenue as of June 30.

NOTE 15—CHANGE IN REPORTING ENTITY:

During the fiscal year ended June 30, 2024, the Onancock Economic Development Authority (EDA) was created to promote economic growth and development in the community. The EDA is a legally separate entity with its board members appointed by Town of Onancock Council, and it is reported as a discretely presented component unit of the Town.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 Year Ended June 30, 2024

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 536,187	\$ 536,187	\$ 623,959	\$ 87,772
Other local taxes	486,834	486,834	519,282	32,448
Permits, privilege fees and regulatory licenses	2,500	2,500	2,340	(160)
Fines and forfeitures	13,000	13,000	13,055	55
Revenue from use of money and property	19,090	19,090	173,458	154,368
Charges for services	294,550	294,550	330,602	36,052
Miscellaneous	32,000	32,000	6,393	(25,607)
Intergovernmental:				
Commonwealth	205,014	205,014	198,868	(6,146)
Federal	27,000	27,000	97,026	70,026
Total revenues	<u>\$ 1,616,175</u>	<u>\$ 1,616,175</u>	<u>\$ 1,964,983</u>	<u>\$ 348,808</u>
Expenditures:				
Current:				
General government administration	\$ 468,064	\$ 468,064	\$ 446,829	\$ 21,235
Public safety	568,539	568,539	536,287	32,252
Public works	300,617	300,617	304,346	(3,729)
Parks, recreation and cultural	303,955	303,955	340,573	(36,618)
Debt service:				
Principal retirement	-	-	12,269	(12,269)
Interest and other fiscal charges	-	-	839	(839)
Total expenditures	<u>\$ 1,641,175</u>	<u>\$ 1,641,175</u>	<u>\$ 1,641,143</u>	<u>\$ 32</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 323,840</u>	<u>\$ 348,840</u>
Other financing sources (uses):				
Transfers in	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,510</u>	<u>\$ 217,510</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,510</u>	<u>\$ 217,510</u>
Net change in fund balance	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 541,350</u>	<u>\$ 566,350</u>
Fund balance at beginning of year	<u>25,000</u>	<u>25,000</u>	<u>2,538,816</u>	<u>2,513,816</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,080,166</u></u>	<u><u>\$ 3,080,166</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Special Revenue Fund
 Year Ended June 30, 2024

	Special Revenue Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 50,458	\$ 50,458
Miscellaneous	-	-	6,200	6,200
Intergovernmental:				
Commonwealth	-	-	59,264	59,264
Federal	1,561,000	1,561,000	1,642,098	81,098
Total revenues	\$ 1,561,000	\$ 1,561,000	\$ 1,758,020	\$ 197,020
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ 4,408	\$ (4,408)
Public works	2,168,500	2,168,500	388,106	1,780,394
Parks, recreation and cultural	455,000	455,000	730,938	(275,938)
Total expenditures	\$ 2,623,500	\$ 2,623,500	\$ 1,123,452	\$ 1,500,048
Excess (deficiency) of revenues over (under) expenditures	\$ (1,062,500)	\$ (1,062,500)	\$ 634,568	\$ 1,697,068
Other financing sources (uses):				
Transfers out	\$ -	\$ -	\$ (207,728)	\$ (207,728)
Total other financing sources (uses)	\$ -	\$ -	\$ (207,728)	\$ (207,728)
Net change in fund balance	\$ (1,062,500)	\$ (1,062,500)	\$ 426,840	\$ 1,489,340
Fund balance at beginning of year	1,062,500	1,062,500	135,017	(927,483)
Fund balance at end of year	\$ -	\$ -	\$ 561,857	\$ 561,857

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2023	2022	2021	2020	2019
Total pension liability					
Service cost	\$ 80,262	\$ 97,492	\$ 86,170	\$ 85,510	\$ 77,864
Interest	200,762	196,357	175,778	166,082	143,253
Changes of benefit terms	-	-	-	-	193,358
Differences between expected and actual experience	(192,074)	(84,232)	(38,495)	(251)	29,830
Changes in assumptions	-	-	95,645	-	75,672
Benefit payments, including refunds of employee contributions	(129,683)	(124,556)	(98,870)	(116,544)	(95,398)
Net change in total pension liability	\$ (40,733)	\$ 85,061	\$ 220,228	\$ 134,797	\$ 424,579
Total pension liability - beginning	2,958,837	2,873,776	2,653,548	2,518,751	2,094,172
Total pension liability - ending (a)	\$ 2,918,104	\$ 2,958,837	\$ 2,873,776	\$ 2,653,548	\$ 2,518,751
Plan fiduciary net position					
Contributions - employer	\$ 68,451	\$ 75,618	\$ 84,808	\$ 98,393	\$ 92,621
Contributions - employee	24,386	29,270	32,547	32,313	28,833
Net investment income	186,372	(2,597)	627,520	43,567	139,097
Benefit payments, including refunds of employee contributions	(129,683)	(124,556)	(98,870)	(116,544)	(95,398)
Administrative expense	(1,846)	(1,813)	(1,503)	(1,399)	(1,310)
Other	76	68	59	(51)	(87)
Net change in plan fiduciary net position	\$ 147,756	\$ (24,010)	\$ 644,561	\$ 56,279	\$ 163,756
Plan fiduciary net position - beginning	2,885,632	2,909,642	2,265,081	2,208,802	2,045,046
Plan fiduciary net position - ending (b)	\$ 3,033,388	\$ 2,885,632	\$ 2,909,642	\$ 2,265,081	\$ 2,208,802
Town's net pension liability (asset) - ending (a) - (b)	\$ (115,284)	\$ 73,205	\$ (35,866)	\$ 388,467	\$ 309,949
Plan fiduciary net position as a percentage of the total pension liability	103.95%	97.53%	101.25%	85.36%	87.69%
Covered payroll	\$ 534,486	\$ 578,234	\$ 646,543	\$ 638,697	\$ 600,509
Town's net pension liability (asset) as a percentage of covered payroll	-21.57%	12.66%	-5.55%	60.82%	51.61%

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2023

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 55,828	\$ 58,400	\$ 75,604	\$ 73,146	\$ 72,307
Interest	136,229	106,142	97,981	88,362	79,678
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	3,343	373,386	(10,015)	1,712	-
Changes in assumptions	-	(27,872)	-	-	-
Benefit payments, including refunds of employee contributions	(94,717)	(65,775)	(28,177)	(23,434)	(32,429)
Net change in total pension liability	\$ 100,683	\$ 444,281	\$ 135,393	\$ 139,786	\$ 119,556
Total pension liability - beginning	1,993,489	1,549,208	1,413,815	1,274,029	1,154,473
Total pension liability - ending (a)	\$ 2,094,172	\$ 1,993,489	\$ 1,549,208	\$ 1,413,815	\$ 1,274,029
Plan fiduciary net position					
Contributions - employer	\$ 62,978	\$ 28,585	\$ 33,814	\$ 35,147	\$ 32,602
Contributions - employee	27,687	27,283	27,980	29,093	29,051
Net investment income	141,513	209,248	30,323	72,129	208,152
Benefit payments, including refunds of employee contributions	(94,717)	(65,775)	(28,177)	(23,434)	(32,429)
Administrative expense	(1,201)	(1,195)	(1,001)	(932)	(1,086)
Other	(127)	(187)	(13)	(17)	11
Net change in plan fiduciary net position	\$ 136,133	\$ 197,959	\$ 62,926	\$ 111,986	\$ 236,301
Plan fiduciary net position - beginning	1,908,913	1,710,954	1,648,028	1,536,042	1,299,741
Plan fiduciary net position - ending (b)	\$ 2,045,046	\$ 1,908,913	\$ 1,710,954	\$ 1,648,028	\$ 1,536,042
Town's net pension liability (asset) - ending (a) - (b)	\$ 49,126	\$ 84,576	\$ (161,746)	\$ (234,213)	\$ (262,013)
Plan fiduciary net position as a percentage of the total pension liability	97.65%	95.76%	110.44%	116.57%	120.57%
Covered payroll	\$ 578,066	\$ 575,774	\$ 571,914	\$ 593,511	\$ 582,194
Town's net pension liability (asset) as a percentage of covered payroll	8.50%	14.69%	-28.28%	-39.46%	-45.00%

Schedule of Employer Contributions - Pension Plan
 Years Ended June 30, 2015 through June 30, 2024

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2024	\$ 75,039	\$ 75,039	\$ -	\$ 591,664		12.68%
2023	68,454	68,454	-	534,486		12.81%
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%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2024

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, 2022 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, 2021. 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, 2023

<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:					
2023	0.00227% \$	27,224 \$	534,486	5.09%	69.30%
2022	0.00260%	31,066	562,234	5.53%	67.21%
2021	0.00310%	36,442	646,543	5.64%	67.45%
2020	0.00310%	51,734	638,697	8.10%	52.64%
2019	0.00306%	49,794	600,509	8.29%	52.00%
2018	0.00304%	47,000	578,066	8.13%	51.22%
2017	0.00312%	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, 2015 through June 30, 2024

		Contributions in Relation to			Contributions as a % of	
Date	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Covered Payroll	
Primary Government						
2024	\$ 3,195	\$ 3,195	\$ -	\$ 591,664		0.54%
2023	2,886	2,886	-	534,486		0.54%
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%

Notes to Required Supplementary Information

Group Life Insurance (GLI) Plan

For the Year Ended June 30, 2024

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, 2022 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, 2021. 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 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

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

**Discretely Presented Component Unit -
Economic Development Authority**

Statement of Net Position

Discretely Presented Component Unit - Economic Development Authority

June 30, 2024

	<u>Economic Development Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ <u>991</u>
Total current assets	\$ <u>991</u>
Noncurrent assets:	
Loan receivable	\$ <u>602,304</u>
Total noncurrent assets	\$ <u>602,304</u>
Total assets	\$ <u>603,295</u>
NET POSITION	
Unrestricted	\$ <u>603,295</u>
Total net position	\$ <u><u>603,295</u></u>

Statement of Revenues, Expenses and Change in Net Position
Discretely Presented Component Unit - Economic Development Authority
Year Ended June 30, 2024

	<u>Economic Development Authority</u>
Operating expenses:	
Supplies	\$ 166
Other charges	9
Total operating expenses	<u>\$ 175</u>
Operating income (loss)	<u>\$ (175)</u>
Nonoperating revenues (expenses):	
Contribution from Primary Government	<u>\$ 603,470</u>
Change in net position	<u>\$ 603,295</u>
Net position - beginning	<u>\$ -</u>
Net position - ending	<u><u>\$ 603,295</u></u>

Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

Year Ended June 30, 2024

	<u>Economic Development Authority</u>
Cash flows from operating activities:	
Payments for operating activities	\$ <u>(175)</u>
Net cash provided by (used for) operating activities	\$ <u>(175)</u>
Cash flows from noncapital financing activities:	
Contribution from Primary Government	\$ <u>603,470</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>603,470</u>
Cash flows from investing activities:	
Loan issuance	\$ <u>(602,304)</u>
Net cash provided by (used for) investing activities	\$ <u>(602,304)</u>
Increase (decrease) in cash and cash equivalents	\$ 991
Cash and cash equivalents at beginning of year	<u>-</u>
Cash and cash equivalents at end of year	\$ <u><u>991</u></u>

Supporting Schedules

General Fund and Special Revenue Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2024

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	\$ 400,146	\$ 400,146	\$ 431,211	\$ 31,065
Public service corporation taxes	15,000	15,000	11,278	(3,722)
Personal property taxes	108,041	108,041	160,796	52,755
Penalties and interest	13,000	13,000	20,674	7,674
Total general property taxes	\$ 536,187	\$ 536,187	\$ 623,959	\$ 87,772
Other local taxes:				
Local sales and use taxes	\$ 91,834	\$ 91,834	\$ 88,131	\$ (3,703)
Consumers' utility taxes	51,000	51,000	55,290	4,290
Business license taxes	3,000	3,000	8,511	5,511
Motor vehicle licenses	26,000	26,000	31,669	5,669
Bank franchise tax	33,000	33,000	40,004	7,004
Transient occupancy tax	34,000	34,000	28,157	(5,843)
Meals taxes	248,000	248,000	267,520	19,520
Total other local taxes	\$ 486,834	\$ 486,834	\$ 519,282	\$ 32,448
Permits, privilege fees and regulatory licenses:				
Zoning fees	\$ 2,500	\$ 2,500	\$ 2,340	\$ (160)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 13,000	\$ 13,000	\$ 13,055	\$ 55
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 154,511	\$ 154,511
Revenue from use of property	19,090	19,090	18,947	(143)
Total revenue from use of money and property	\$ 19,090	\$ 19,090	\$ 173,458	\$ 154,368
Charges for services:				
Boat dockage and ramp fees	\$ 55,550	\$ 55,550	\$ 86,811	\$ 31,261
Wharf - fuel sales	112,000	112,000	132,506	20,506
Wharf - general	7,500	7,500	5,553	(1,947)
Wharf - electric	9,000	9,000	9,570	570
Trash collections	106,000	106,000	93,912	(12,088)
Grass cutting	4,500	4,500	2,250	(2,250)
Total charges for services	\$ 294,550	\$ 294,550	\$ 330,602	\$ 36,052

General Fund and Special Revenue Fund
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2024 (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	\$ 32,000	\$ 32,000	\$ 6,393	\$ (25,607)
Total miscellaneous	\$ 32,000	\$ 32,000	\$ 6,393	\$ (25,607)
Total revenue from local sources	\$ 1,384,161	\$ 1,384,161	\$ 1,669,089	\$ 284,928
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 75,000	\$ 75,000	\$ 64,761	\$ (10,239)
PPTRA	68,264	68,264	68,264	-
Total noncategorical aid	\$ 143,264	\$ 143,264	\$ 133,025	\$ (10,239)
Categorical aid:				
State fire grant	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Police aid	44,000	44,000	45,719	1,719
Litter control grant	1,250	1,250	6,124	4,874
Virginia commission of the arts	1,500	1,500	(1,000)	(2,500)
Total categorical aid	\$ 61,750	\$ 61,750	\$ 65,843	\$ 4,093
Total revenue from the Commonwealth	\$ 205,014	\$ 205,014	\$ 198,868	\$ (6,146)
Revenue from the Federal Government:				
Categorical aid:				
Police aid	\$ -	\$ -	\$ 3,995	\$ 3,995
Highway safety grant	7,000	7,000	5,631	(1,369)
Rural development grant	20,000	20,000	87,400	67,400
Total categorical aid	\$ 27,000	\$ 27,000	\$ 97,026	\$ 70,026
Total revenue from the federal government	\$ 27,000	\$ 27,000	\$ 97,026	\$ 70,026
Total General Fund	\$ 1,616,175	\$ 1,616,175	\$ 1,964,983	\$ 348,808

General Fund and Special Revenue Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2024 (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	\$ -	\$ -	\$ 50,458	\$ 50,458
Total revenue from use of money and property	\$ -	\$ -	\$ 50,458	\$ 50,458
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 6,200	\$ 6,200
Total miscellaneous	\$ -	\$ -	\$ 6,200	\$ 6,200
Total revenue from local sources	\$ -	\$ -	\$ 56,658	\$ 56,658
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wharf grant	\$ -	\$ -	\$ 49,252	\$ 49,252
Main street grant	-	-	10,012	10,012
Total categorical aid	\$ -	\$ -	\$ 59,264	\$ 59,264
Total revenue from the Commonwealth	\$ -	\$ -	\$ 59,264	\$ 59,264
Revenue from the Federal Government:				
Categorical aid:				
Police aid	\$ -	\$ -	\$ 5,202	\$ 5,202
CDBG grants	600,000	600,000	91,993	(508,007)
American Rescue Plan Act (ARPA) grant	961,000	961,000	1,544,175	583,175
Miscellaneous grants	-	-	728	728
Total categorical aid	\$ 1,561,000	\$ 1,561,000	\$ 1,642,098	\$ 81,098
Total revenue from the federal government	\$ 1,561,000	\$ 1,561,000	\$ 1,642,098	\$ 81,098
Total Special Revenue Fund	<u>\$ 1,561,000</u>	<u>\$ 1,561,000</u>	<u>\$ 1,758,020</u>	<u>\$ 197,020</u>
Total Primary Government	<u>\$ 3,177,175</u>	<u>\$ 3,177,175</u>	<u>\$ 3,723,003</u>	<u>\$ 545,828</u>

General Fund and Special Revenue Fund
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2024

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	\$ 14,127	\$ 73
Payroll taxes	1,327	1,327	1,081	246
State unemployment	-	-	22	(22)
Town attorney	24,000	24,000	24,000	-
Election costs	-	-	691	(691)
Liability insurance	4,341	4,341	8,508	(4,167)
Travel	2,000	2,000	695	1,305
Community promotion	-	-	461	(461)
Town master plan	25,000	25,000	2,622	22,378
Main street program	25,500	25,500	18,915	6,585
Tourism transient occupancy transfer	4,500	4,500	4,500	-
Total legislative	\$ 100,868	\$ 100,868	\$ 75,622	\$ 25,246
General and financial administration:				
Salaries	\$ 139,803	\$ 139,803	\$ 141,414	\$ (1,611)
Payroll taxes	10,504	10,504	10,211	293
Hospitalization	16,359	16,359	18,806	(2,447)
Retirement	18,989	18,989	19,450	(461)
Disability insurance	725	725	497	228
Life insurance	1,840	1,840	1,875	(35)
State unemployment	238	238	22	216
Training	12,000	12,000	3,629	8,371
Employee welfare	500	500	581	(81)
Auditing	24,500	24,500	21,300	3,200
Office equipment maintenance	4,000	4,000	3,893	107
Advertising	10,000	10,000	8,392	1,608
Postage	3,000	3,000	2,434	566
Telephone	6,000	6,000	6,804	(804)
Travel	1,000	1,000	461	539
Dues and memberships	1,200	1,200	3,155	(1,955)
Software	41,665	41,665	41,297	368
Website and printing	5,000	5,000	44	4,956
Office supplies	10,000	10,000	5,359	4,641
Miscellaneous	3,500	3,500	15,081	(11,581)
Parades	6,500	6,500	284	6,216
Cultural enrichment	3,000	3,000	-	3,000
Bank charges	3,600	3,600	2,605	995
Credit card fees	11,500	11,500	23,166	(11,666)
Bookkeeping	8,450	8,450	9,474	(1,024)
Legal and collection fees	-	-	11,375	(11,375)
Property insurance	9,356	9,356	12,745	(3,389)
Vehicle insurance	-	-	599	(599)
General liability	5,661	5,661	4,806	855
Workman's compensation	306	306	848	(542)
Contingency	8,000	8,000	600	7,400
Total general and financial administration	\$ 367,196	\$ 367,196	\$ 371,207	\$ (4,011)
Total general government administration	\$ 468,064	\$ 468,064	\$ 446,829	\$ 21,235

General Fund and Special Revenue Fund
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2024 (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	\$ 292,793	\$ 292,793	\$ 262,272	\$ 30,521
Overtime	18,000	18,000	12,609	5,391
Payroll taxes	22,399	22,399	21,346	1,053
Retirement	40,493	40,493	35,441	5,052
Hospitalization	38,204	38,204	29,400	8,804
Life insurance	3,923	3,923	3,434	489
State unemployment	680	680	64	616
Training	21,776	21,776	20,022	1,754
Vehicle repairs	3,591	3,591	6,333	(2,742)
Computer maintenance	4,500	4,500	30	4,470
Telephone	2,904	2,904	2,819	85
Security cameras	16,280	16,280	7,420	8,860
Line of duty act insurance	3,809	3,809	2,193	1,616
Vehicle insurance	2,966	2,966	4,565	(1,599)
Workman's compensation	10,100	10,100	14,156	(4,056)
Travel	1,000	1,000	474	526
Office supplies	3,750	3,750	2,640	1,110
Vehicle fuel	12,000	12,000	10,649	1,351
Uniforms	3,000	3,000	5,207	(2,207)
Court costs	500	500	-	500
Police supplies	6,211	6,211	6,032	179
Police vehicles	-	-	49,181	(49,181)
Capital expenditures	19,660	19,660	-	19,660
Total law enforcement	\$ 528,539	\$ 528,539	\$ 496,287	\$ 32,252
Fire and rescue:				
Contributions fire companies	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Fire programs funding	15,000	15,000	15,000	-
Total fire and rescue	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total public safety	\$ 568,539	\$ 568,539	\$ 536,287	\$ 32,252
Public works:				
Street maintenance:				
Salaries	\$ 62,598	\$ 62,598	\$ 53,087	\$ 9,511
Overtime	4,000	4,000	8,942	(4,942)
Payroll taxes	4,789	4,789	4,858	(69)
Retirement	8,657	8,657	6,955	1,702
Hospitalization	9,348	9,348	11,760	(2,412)
Disability insurance	331	331	176	155
Life insurance	839	839	613	226
State unemployment	136	136	12	124
Vehicle repairs	5,000	5,000	3,545	1,455
Electricity	29,000	29,000	43,393	(14,393)
Heating oil	4,000	4,000	-	4,000
Street repairs	134,800	134,800	129,549	5,251
Vehicle fuel	3,600	3,600	9,481	(5,881)
Small equipment repair	3,000	3,000	1,652	1,348
Safety/street signs	2,000	2,000	815	1,185

General Fund and Special Revenue Fund
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2024 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public works: (Continued)				
Street maintenance: (Continued)				
Uniforms	3,000	3,000	-	3,000
Cleaning services	4,200	4,200	3,900	300
Janitorial supplies	250	250	408	(158)
Trash can liners	1,500	1,500	1,221	279
Blacksmith shop	125	125	100	25
Workman's compensation	1,665	1,665	1,167	498
Property insurance	685	685	893	(208)
Vehicle insurance	820	820	598	222
Capital expenditures	9,774	9,774	13,822	(4,048)
Total street maintenance	\$ 294,117	\$ 294,117	\$ 296,947	\$ (2,830)
Mosquito and weed control:				
Mosquito control	\$ 6,500	\$ 6,500	\$ 7,399	\$ (899)
Total mosquito and weed control	\$ 6,500	\$ 6,500	\$ 7,399	\$ (899)
Total public works	\$ 300,617	\$ 300,617	\$ 304,346	\$ (3,729)
Parks, recreation and cultural:				
Parks and recreation:				
Salaries	\$ 43,680	\$ 43,680	\$ 44,749	\$ (1,069)
Overtime	4,000	4,000	5,256	(1,256)
Payroll taxes	3,342	3,342	3,825	(483)
Retirement	6,041	6,041	6,072	(31)
Hospitalization	9,348	9,348	10,780	(1,432)
Disability insurance	231	231	154	77
Life insurance	585	585	537	48
State unemployment	136	136	12	124
Electricity	-	-	4,296	(4,296)
Vehicle fuel	2,500	2,500	2,542	(42)
Vehicle repair	1,500	1,500	86	1,414
Repair and maintenance supplies	3,000	3,000	3,263	(263)
Small tools	1,500	1,500	2,549	(1,049)
Plantings	4,000	4,000	7,963	(3,963)
Weed control	6,500	6,500	-	6,500
Tree board and beautification	4,000	4,000	-	4,000
Holiday Decorations	7,500	7,500	7,844	(344)
Workman's compensation	716	716	36	680
Property insurance	250	250	405	(155)
Vehicle insurance	2,820	2,820	2,149	671
Total parks and recreation	\$ 101,649	\$ 101,649	\$ 102,518	\$ (869)
Wharf and marina:				
Salaries	\$ 61,582	\$ 61,582	\$ 71,167	\$ (9,585)
Overtime	-	-	(531)	531
Payroll taxes	4,711	4,711	5,483	(772)
Retirement	4,091	4,091	18	4,073
Hospitalization	-	-	980	(980)
Disability insurance	156	156	-	156

General Fund and Special Revenue Fund
Schedule of Expenditures -- Budget and Actual
Year Ended June 30, 2024 (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:				
Life insurance	\$ 396	\$ 396	\$ -	\$ 396
State unemployment	136	136	54	82
Credit card fees	5,500	5,500	7,554	(2,054)
Electric services	6,000	6,000	2,371	3,629
Telephone	700	700	653	47
Vehicle repair	200	200	1,613	(1,413)
Vehicle fuel	300	300	354	(54)
Janitorial supplies	1,000	1,000	1,119	(119)
Repair and maintenance supplies	3,500	3,500	15,240	(11,740)
Fuel purchases	88,000	88,000	108,984	(20,984)
Other operating supplies	1,250	1,250	1,441	(191)
Rent	5,500	5,500	9,600	(4,100)
Advertising	16,000	16,000	8,048	7,952
Workman's compensation	2,424	2,424	2,614	(190)
Property insurance	448	448	735	(287)
Vehicle insurance	412	412	558	(146)
Total wharf and marina	\$ 202,306	\$ 202,306	\$ 238,055	\$ (35,749)
Total parks, recreation, and cultural	\$ 303,955	\$ 303,955	\$ 340,573	\$ (36,618)
Debt service:				
Principal retirement	\$ -	\$ -	\$ 12,269	\$ (12,269)
Interest and other fiscal charges	-	-	839	(839)
Total debt service	\$ -	\$ -	\$ 13,108	\$ (13,108)
Total General Fund	\$ 1,641,175	\$ 1,641,175	\$ 1,641,143	\$ 32
Special Revenue Fund:				
Public safety:				
Police supplies	\$ -	\$ -	\$ 4,408	\$ (4,408)
Total public safety	\$ -	\$ -	\$ 4,408	\$ (4,408)
Public works:				
American Rescue Plan Act (ARPA) expenditures	\$ 1,511,000	\$ 1,511,000	\$ 117,022	\$ 1,393,978
N.E. project planning	600,000	600,000	144,272	455,728
Main Street Initiative	57,500	57,500	30,000	27,500
Miscellaneous	-	-	96,812	(96,812)
Total public works	\$ 2,168,500	\$ 2,168,500	\$ 388,106	\$ 1,780,394
Wharf and marina:				
Capital improvement	\$ 455,000	\$ 455,000	\$ 730,938	\$ (275,938)
Total wharf and marina	\$ 455,000	\$ 455,000	\$ 730,938	\$ (275,938)
Total parks, recreation, and cultural	\$ 455,000	\$ 455,000	\$ 730,938	\$ (275,938)
Total Special Revenue Fund	\$ 2,623,500	\$ 2,623,500	\$ 1,123,452	\$ 1,500,048
Total Primary Government	\$ 4,264,675	\$ 4,264,675	\$ 2,764,595	\$ 1,500,080

Statistical Information

Changes in Net Position
Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Expenses					
Governmental Activities					
General Government Administration	\$ 302,632	\$ 287,787	\$ 361,305	\$ 413,815	\$ 439,012
Public Safety	347,946	353,330	358,015	431,419	394,527
Public Works	283,050	328,012	263,010	230,893	242,127
Parks, Recreation and Cultural	119,280	138,795	177,883	162,004	327,598
Interest and other fiscal charges	8,280	8,113	6,390	5,325	4,213
Total Governmental Activities Expenses	\$ 1,061,188	\$ 1,116,037	\$ 1,166,603	\$ 1,243,456	\$ 1,407,477
Business-Type Activities					
Public Utilities	\$ 1,178,520	\$ 1,191,331	\$ 1,139,410	\$ 1,233,602	\$ 1,284,629
Total Business-Type Activities Expenses	\$ 1,178,520	\$ 1,191,331	\$ 1,139,410	\$ 1,233,602	\$ 1,284,629
Total Primary Government Expenses	\$ 2,239,708	\$ 2,307,368	\$ 2,306,013	\$ 2,477,058	\$ 2,692,106
Program Revenues					
Governmental Activities					
Charges for Services	\$ 174,923	\$ 184,936	\$ 214,705	\$ 279,475	\$ 246,784
Operating Grants and Contributions	36,607	89,290	58,540	58,158	56,760
Capital Grants and Contributions	33,621	89,965	12,708	189,743	108,560
Total Governmental Activities Program Revenues	\$ 245,151	\$ 364,191	\$ 285,953	\$ 527,376	\$ 412,104
Business-Type Activities					
Charges for Services	\$ 849,830	\$ 872,777	\$ 1,018,085	\$ 1,190,191	\$ 1,246,115
Capital Grants and Contributions	335,790	-	-	-	199,973
Total Business-Type Activities Program Revenues	\$ 1,185,620	\$ 872,777	\$ 1,018,085	\$ 1,190,191	\$ 1,446,088
Total Primary Government Program Revenues	\$ 1,430,771	\$ 1,236,968	\$ 1,304,038	\$ 1,717,567	\$ 1,858,192
Net (Expense)/ Revenue					
Governmental Activities	\$ (816,037)	\$ (751,846)	\$ (880,650)	\$ (716,079)	\$ (995,373)
Business-Type Activities	7,100	(318,554)	(121,325)	(43,411)	161,459
Total Primary Government Net (Expense)/ Revenue	\$ (808,937)	\$ (1,070,400)	\$ (1,001,975)	\$ (759,490)	\$ (833,914)
General Revenues and Other Changes in Net Position					
Governmental Activities					
General Property Taxes	\$ 423,094	\$ 410,275	\$ 493,419	\$ 508,046	\$ 493,412
Other Local Taxes	428,063	333,215	328,025	388,855	428,049
Revenues from the use of money & property	29,631	29,754	8,061	10,715	19,613
Unrealized gain (loss) on investments	-	-	-	-	-
Commonwealth of Virginia - PPTRA	68,265	163,813	161,209	158,848	152,663
Miscellaneous	20,855	19,246	24,205	20,660	25,052
Transfers	-	-	-	-	-
Total Governmental Activities	\$ 969,908	\$ 956,303	\$ 1,014,919	\$ 1,087,124	\$ 1,118,789
Business-Type Activities					
Revenues from the use of money & property	\$ -	\$ -	\$ -	\$ 7,597	\$ 15,934
Loss from disposal of operations	-	-	-	-	-
Transfers	-	-	-	-	-
Total Business-Type Activities	\$ -	\$ -	\$ -	\$ 7,597	\$ 15,934
Total Primary Government	\$ 969,908	\$ 956,303	\$ 1,014,919	\$ 1,094,721	\$ 1,134,723
Change in Net Position					
Governmental Activities	\$ 153,871	\$ 204,457	\$ 134,269	\$ 371,045	\$ 123,416
Business-Type Activities	7,100	(318,554)	(121,325)	(35,814)	177,393
Total Primary Government Change in Net Position	\$ 160,971	\$ (114,097)	\$ 12,944	\$ 335,231	\$ 300,809

Changes in Net Position
Last Ten Fiscal Years

	2020	2021	2022	2023	2024
Expenses					
Governmental Activities					
General Government Administration	\$ 445,193	\$ 422,966	\$ 357,450	\$ 419,704	\$ 427,967
Public Safety	527,376	379,740	458,809	378,330	282,280
Public Works	278,067	652,990	692,923	205,920	749,047
Parks, Recreation and Cultural	230,244	254,293	347,995	797,423	561,411
Interest and other fiscal charges	3,158	1,871	3,670	4,936	839
Total Governmental Activities Expenses	\$ 1,484,038	\$ 1,711,860	\$ 1,860,847	\$ 1,806,313	\$ 2,021,544
Business-Type Activities					
Public Utilities	\$ 1,481,930	\$ 1,259,310	\$ 995,563	\$ 723,563	\$ 1,064,885
Total Business-Type Activities Expenses	\$ 1,481,930	\$ 1,259,310	\$ 995,563	\$ 723,563	\$ 1,064,885
Total Primary Government Expenses	\$ 2,965,968	\$ 2,971,170	\$ 2,856,410	\$ 2,529,876	\$ 3,086,429
Program Revenues					
Governmental Activities					
Charges for Services	\$ 195,987	\$ 261,794	\$ 277,231	\$ 317,995	\$ 345,997
Operating Grants and Contributions	57,097	478,420	743,619	731,932	1,864,231
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Activities Program Revenues	\$ 253,084	\$ 740,214	\$ 1,020,850	\$ 1,049,927	\$ 2,210,228
Business-Type Activities					
Charges for Services	\$ 1,269,121	\$ 1,431,208	\$ 1,519,756	\$ 1,380,933	\$ 1,266,949
Operating Grants and Contributions	-	-	-	-	94,500
Capital Grants and Contributions	119,986	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 1,389,107	\$ 1,431,208	\$ 1,519,756	\$ 1,380,933	\$ 1,361,449
Total Primary Government Program Revenues	\$ 1,642,191	\$ 2,171,422	\$ 2,540,606	\$ 2,430,860	\$ 3,571,677
Net (Expense)/ Revenue					
Governmental Activities	\$ (1,230,954)	\$ (971,646)	\$ (839,997)	\$ (756,387)	\$ 188,684
Business-Type Activities	(92,823)	171,898	524,193	657,370	296,564
Total Primary Government Net (Expense)/ Revenue	\$ (1,323,777)	\$ (799,748)	\$ (315,804)	\$ (99,017)	\$ 485,248
General Revenues and Other Changes in Net Position					
Governmental Activities					
General Property Taxes	\$ 513,967	\$ 585,886	\$ 595,180	\$ 580,180	\$ 578,601
Other Local Taxes	357,037	451,441	482,509	501,970	519,282
Revenues from the use of money & property	30,978	19,327	28,158	127,842	223,916
Unrealized gain (loss) on investments	-	-	(50,846)	-	-
Commonwealth of Virginia - PPTRA	136,547	130,406	126,255	136,789	133,025
Miscellaneous	44,156	30,696	7,182	14,688	12,593
Transfers	-	95,668	341,702	786,433	9,782
Total Governmental Activities	\$ 1,082,685	\$ 1,313,424	\$ 1,530,140	\$ 2,147,902	\$ 1,477,199
Business-Type Activities					
Revenues from the use of money & property	\$ 11,909	\$ 584	\$ 3,818	\$ (43,170)	\$ 31,497
Loss from disposal of operations	-	-	(8,502,487)	-	-
Transfers	-	(95,668)	(341,702)	(786,433)	(9,782)
Total Business-Type Activities	\$ 11,909	\$ (95,084)	\$ (8,840,371)	\$ (829,603)	\$ 21,715
Total Primary Government	\$ 1,094,594	\$ 1,218,340	\$ (7,310,231)	\$ 1,318,299	\$ 1,498,914
Change in Net Position					
Governmental Activities	\$ (148,269)	\$ 341,778	\$ 690,143	\$ 1,391,515	\$ 1,665,883
Business-Type Activities	(80,914)	76,814	(8,316,178)	(172,233)	318,279
Total Primary Government Change in Net Position	\$ (229,183)	\$ 418,592	\$ (7,626,035)	\$ 1,219,282	\$ 1,984,162

Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	2015	2016	2017	2018	2019
Revenues					
General property taxes	\$ 440,035	\$ 418,148	\$ 460,414	\$ 527,472	\$ 503,696
Other local taxes	428,063	333,215	328,025	388,855	428,049
Permits, privilege fees and regulatory licenses	-	400	600	950	275
Fines and forfeitures	18,946	15,975	15,162	16,218	13,959
Revenue from the use of money and property	29,631	29,754	8,061	10,715	19,613
Charges for services	155,977	168,561	198,943	262,307	232,550
Miscellaneous	20,855	19,246	24,205	20,660	25,051
Intergovernmental	138,493	343,068	232,457	406,749	317,983
Total Revenues	\$ 1,232,000	\$ 1,328,367	\$ 1,267,867	\$ 1,633,926	\$ 1,541,176
Expenditures					
General administration	\$ 299,455	\$ 260,829	\$ 337,182	\$ 378,915	\$ 383,478
Public safety	378,356	341,395	339,992	402,976	363,321
Public works	271,733	292,436	220,309	196,477	200,047
Parks recreation and cultural	167,883	203,527	196,607	394,633	309,745
Capital outlays & non-departmental	344	28,599	11,834	20,833	30,844
Debt Service	32,998	37,101	40,775	33,814	33,813
Total Expenditures	\$ 1,150,769	\$ 1,163,887	\$ 1,146,699	\$ 1,427,648	\$ 1,321,248
Excess (deficiency) of revenues over (under) expenditures	\$ 81,231	\$ 164,480	\$ 121,168	\$ 206,278	\$ 219,928
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	\$ 113,231	\$ 164,480	\$ 121,168	\$ 206,278	\$ 219,928
Debt Service as a Percentage of Expenditures	2.87%	3.19%	3.56%	2.37%	2.56%

Changes in Fund Balances
 Governmental Funds
 Last Ten Fiscal Years

	2020	2021	2022	2023	2024
Revenues					
General property taxes	\$ 521,725	\$ 593,668	\$ 582,899	\$ 545,030	\$ 623,959
Other local taxes	357,037	451,441	482,509	501,970	519,282
Permits, privilege fees and regulatory licenses	375	1,700	1,975	2,100	2,340
Fines and forfeitures	9,168	8,290	7,004	14,186	13,055
Revenue from the use of money and property	30,978	19,327	6,043	121,981	223,916
Charges for services	186,444	251,804	268,252	301,709	330,602
Miscellaneous	44,156	30,696	7,182	14,688	12,593
Intergovernmental	193,644	608,826	869,874	868,721	1,997,256
Total Revenues	\$ 1,343,527	\$ 1,965,752	\$ 2,225,738	\$ 2,370,385	\$ 3,723,003
Expenditures					
General administration	\$ 367,338	\$ 393,543	\$ 364,319	\$ 477,865	\$ 446,829
Public safety	431,698	365,747	566,790	475,572	540,695
Public works	228,848	612,623	992,012	475,727	692,452
Parks recreation and cultural	201,025	376,222	477,508	815,320	1,071,511
Capital outlays & non-departmental	7,031	1,450	-	-	-
Debt Service	33,115	26,782	33,335	19,917	13,108
Total Expenditures	\$ 1,269,055	\$ 1,776,367	\$ 2,433,964	\$ 2,264,401	\$ 2,764,595
Excess (deficiency) of revenues over (under) expenditures	\$ 74,472	\$ 189,385	\$ (208,226)	\$ 105,984	\$ 958,408
Other Financing Sources (Uses)					
Issuance of notes payable	\$ -	\$ -	\$ 62,000	\$ -	\$ -
Transfers in	-	1,328,042	346,860	786,433	217,510
Transfers out	-	(1,232,374)	(5,158)	-	(207,728)
Total Other Financing Sources (Uses)	\$ -	\$ 95,668	\$ 403,702	\$ 786,433	\$ 9,782
Net Change in Fund Balance	\$ 74,472	\$ 285,053	\$ 195,476	\$ 892,417	\$ 968,190
Debt Service as a Percentage of Expenditures	2.56%	1.51%	1.37%	0.88%	0.47%

Schedule of Legal Debt Margin
Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assessed value of real estate subject to taxation	\$ 117,363,100	\$ 117,738,100	\$ 115,819,000	\$ 116,186,600	\$ 115,366,200
Legal Debt Limit					
10% of Assessed Value of Taxable Real Estate:	\$ 11,736,310	\$ 11,773,810	\$ 11,581,900	\$ 11,618,660	\$ 11,536,620
Deduct:					
Bonds Payable	<u>9,223,390</u>	<u>8,645,722</u>	<u>8,226,150</u>	<u>7,804,707</u>	<u>7,381,329</u>
Legal Margin for Creation of Additional Debt	<u>\$ 2,512,920</u>	<u>\$ 3,128,088</u>	<u>\$ 3,355,750</u>	<u>\$ 3,813,953</u>	<u>\$ 4,155,291</u>

Schedule of Legal Debt Margin
Last Ten Fiscal Years

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed value of real estate subject to taxation	\$ 116,630,900	\$ 126,689,550	\$ 142,266,148	\$ 150,836,200	\$ 151,692,100
Legal Debt Limit					
10% of Assessed Value of Taxable Real Estate:	\$ 11,663,090	\$ 12,668,955	\$ 14,226,615	\$ 15,083,620	\$ 15,169,210
Deduct:					
Bonds Payable	<u>6,955,956</u>	<u>6,528,519</u>	<u>2,489,999</u>	<u>2,368,881</u>	<u>2,246,866</u>
Legal Margin for Creation of Additional Debt	<u>\$ 4,707,134</u>	<u>\$ 6,140,436</u>	<u>\$ 11,736,616</u>	<u>\$ 12,714,739</u>	<u>\$ 12,922,344</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
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%
2023	679,123	605,591	89.17%
2024	679,123	671,549	98.88%

(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
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
2023	150,836,200	15,327,964	4,721,426	170,885,590
2024	151,692,100	13,190,478	3,981,453	168,864,031

(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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Town of Onancock, Virginia as of and for the year ended June 30, 2024, 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 October 1, 2025.

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 from 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
October 1, 2025



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Onancock, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Onancock, Virginia's major federal programs for the year ended June 30, 2024. Town of Onancock, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Onancock, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Onancock, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Onancock, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Onancock, Virginia's compliance based on our audit. 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Onancock, Virginia's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Town of Onancock, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Onancock, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Onancock, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Town of Onancock, Virginia's response to the noncompliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. Town of Onancock, Virginia's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 1, 2025

TOWN OF ONANCOCK, VIRGINIA

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Granting Agency/Pass - Through Agency/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<u>DEPARTMENT OF AGRICULTURE:</u>			
<u>Direct payments:</u>			
Community Facilities Loans and Grants	10.766	N/A	\$ <u>87,400</u>
<u>DEPARTMENT OF TREASURY:</u>			
<u>Direct payments:</u>			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 583,361
<u>Pass-through payments:</u>			
Virginia Tourism Corporation:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	50,000
Virginia Department of Housing and Community Development:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	699,814
Virginia Department of Criminal Justice Services:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	<u>211,000</u>
Total Department of Treasury			\$ <u>1,544,175</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Direct payments:</u>			
Low-Income Home Energy Assistance	93.568	N/A	\$ <u>728</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
<u>Pass-through payments:</u>			
Virginia Department of Housing and Community Development:			
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii	14.228	53305-50798	\$ <u>91,993</u>
<u>DEPARTMENT OF JUSTICE:</u>			
<u>Pass-through payments:</u>			
Virginia Department of Criminal Justice Services:			
Edward Byrne Memorial Justice Assistance Grant	16.738	N/A	\$ <u>9,197</u>
<u>DEPARTMENT OF TRANSPORTATION</u>			
<u>Pass-through payments:</u>			
Virginia Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	60507-50212	\$ <u>5,631</u>
Total Expenditures of Federal Awards			\$ <u><u>1,739,124</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

TOWN OF ONANCOCK, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of Onancock, Virginia under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Onancock, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Onancock, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Indirect Cost Rate

The Town did not elect to use the 10-percent de minimis cost rate allowed under Uniform Guidance.

Note 4 - Subrecipients

No awards were passed through to subrecipients.

TOWN OF ONANCOCK, VIRGINIA

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	Yes

Identification of major programs:

<u>ALN #</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

There are no financial statement findings to report.

Section III - Federal Award Findings and Questioned Costs

2024-001: Coronavirus State and Local Fiscal Recovery Funds Suspension and Debarment Compliance

Condition:

Procedures were not performed to verify that entities were not debarred, suspended, or otherwise excluded prior to entering into covered transactions.

Criteria:

Federal award recipients and subrecipients are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. When a recipient or subrecipient enters into a covered transaction, they must verify that the entity is not suspended, debarred or otherwise excluded from participating in the transaction.

Cause:

The staff responsible for verification was not aware of the requirement.

Effect:

Suspension and debarment verification was not performed.

Questioned Cost Amount:

Not applicable.

Context:

During the fiscal year, the Town entered into covered contracts with eight parties, none of which were checked for suspension and debarment. Upon examination, it was found that the Town did not enter into any covered contracts with suspended or debarred parties.

Recommendation:

We recommend that staff review federal grant agreements in detail to ensure compliance with federal requirements.

Views of Responsible Officials and Planned Corrective Action:

Suspension and debarment verification checks will be performed on all covered contracts.

Section IV - Prior Year Findings

There are no prior year findings.