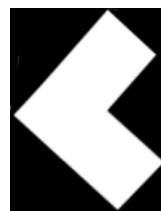


Town of LaCrosse, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2023



***Creedle, Jones
& Associates, P.C.***
Certified Public Accountants

Town of LaCrosse, Virginia

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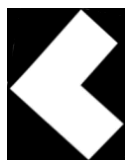
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of LaCrosse, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of LaCrosse, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of LaCrosse, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of LaCrosse, Virginia, as of June 30, 2023, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of LaCrosse, 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 Accounting Principle

As described in Note 1 to the financial statements, in 2023, the Town adopted new accounting guidance, GASB Statement No. 94, Public-Private and Public-Public Partnerships and No. 96, Subscription-Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the Town of LaCrosse, 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.

Auditor's 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 auditor's 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 the Town of LaCrosse, 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 the Town of LaCrosse, 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

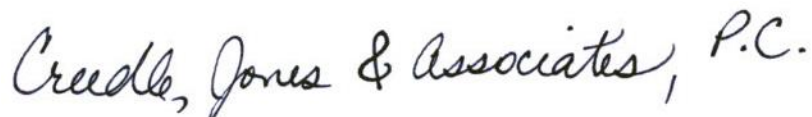
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 1-8, 59-62, 63-71 be presented to supplement the basic financial statements. Such 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of LaCrosse, Virginia's basic financial statements. The accompanying 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, on our consideration of the Town of LaCrosse, 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 the Town of LaCrosse, 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 Town of LaCrosse, Virginia's internal control over financial reporting and compliance.



Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
March 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of LaCrosse, Virginia presents the following discussion and analysis as an overview of the Town of LaCrosse, Virginia's financial activities for the fiscal year ending June 30, 2023. We encourage readers to read this discussion and analysis in conjunction with the Town's basic financial statements.

FINANCIAL HIGHLIGHTS

- At the close of the fiscal year, the assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources by \$2,290,747. Of this amount, \$726,870 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$446,560 with an unrestricted balance of \$353,854.
- The Town's total net position increased by \$269,244 during the current fiscal year. Of this amount, an increase of \$317,735 is related to governmental activities and a decrease of \$48,491 is attributed to business-type activities.
- As of June 30, 2023, the Town's Governmental Funds reported combined ending fund balances of \$651,492, an increase of \$232,821 in comparison with the prior year.
- At the end of fiscal year 2023, the general fund unassigned fund balance was \$628,592, or approximately 96% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those found in the private sector. They also report the Town's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the Town's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the Town's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the Town's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the Town's property tax base and the condition of Town facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the Town's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide financial statements distinguish governmental activities from business-type activities identified as the primary government. The governmental activities of the Town include general government administration, public safety, public works, parks, recreation and cultural, and community development. Public utilities represent the business-type activities.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported.

The Town has two types of funds:

Governmental Funds - Most of the Town's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Special Revenue Fund, all of which are considered to be major funds.

Proprietary Funds – The Town uses an Enterprise Fund which operates in a manner similar to private business enterprises. Costs are recovered primarily through user charges. Proprietary Fund financial statements provide both long and short-term financial information.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedule.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and other assets	\$ 713,871	\$ 827,494	\$ 339,415	\$ 336,959	\$ 1,053,286	\$ 1,164,453
Capital assets (net)	1,640,635	1,609,909	92,706	149,476	1,733,341	1,759,385
Lease receivable - long-term	18,841	27,712	-	-	18,841	27,712
Net pension asset	87,145	108,106	49,599	63,000	136,744	171,106
Net OPEB asset	43	109	-	-	43	109
Total Assets	2,460,535	2,573,330	481,720	549,435	2,942,255	3,122,765
Deferred Outflows of Resources	35,772	17,402	1,352	4,044	37,124	21,446
Total Assets and Deferred Outflows of Resources	\$ 2,496,307	\$ 2,590,732	\$ 483,072	\$ 553,479	\$ 2,979,379	\$ 3,144,211
Liabilities						
Other liabilities	\$ 12,990	\$ 366,080	\$ 3,432	\$ 9,684	\$ 16,422	\$ 375,764
Long-term liabilities	116,458	142,938	26,054	25,286	142,512	168,224
Total Liabilities	129,448	509,018	29,486	34,970	158,934	543,988
Deferred Inflows of Resources	76,112	108,702	7,026	23,458	83,138	132,160
Net Position						
Net investment in capital assets	1,563,877	1,489,947	92,706	149,476	1,656,583	1,639,423
Unrestricted	726,870	483,065	353,854	345,575	1,080,724	828,640
Total Net Position	2,290,747	1,973,012	446,560	495,051	2,737,307	2,468,063
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,496,307	\$ 2,590,732	\$ 483,072	\$ 553,479	\$ 2,979,379	\$ 3,144,211

Statement of Activities

The following table summarizes revenues and expenses for the primary government:

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for services	\$ 84,310	\$ 88,704	\$ 358,982	\$ 333,367	\$ 443,292	\$ 422,071
Operating grants and contributions	1,714,396	702,537	-	-	1,714,396	702,537
General Revenues						
General property taxes,						
real and personal	163,121	138,673	-	-	163,121	138,673
Other taxes	161,030	151,358	-	-	161,030	151,358
Grants and contributions not restricted to						
specific programs	13,873	31,654	-	-	13,873	31,654
Unrestricted revenues from use of money and						
property	17,252	15,648	-	-	17,252	15,648
Miscellaneous	8,939	158,043	-	-	8,939	158,043
Total Revenues	2,162,921	1,286,617	358,982	333,367	2,521,903	1,619,984
Expenses						
General government administration	109,594	148,965	-	-	109,594	148,965
Public safety	417,951	269,217	-	-	417,951	269,217
Public works	37,310	126,158	-	-	37,310	126,158
Parks, recreation, and cultural	9,214	7,000	-	-	9,214	7,000
Community development	1,343,207	456,619	-	-	1,343,207	456,619
Water and sewer	-	-	333,258	304,703	333,258	304,703
Interest on long-term debt	2,125	3,218	-	-	2,125	3,218
Total Expenses	1,919,401	1,011,177	333,258	304,703	2,252,659	1,315,880
Increase in Net Position Before Transfers	243,520	275,440	25,724	28,664	269,244	304,104
Transfers	74,215	76,211	(74,215)	(76,211)	-	-
Increase (Decrease) in Net Position	317,735	351,651	(48,491)	(47,547)	269,244	304,104
Beginning Net Position	1,973,012	1,621,361	495,051	542,598	2,468,063	2,163,959
Ending Net Position	<u>\$2,290,747</u>	<u>\$1,973,012</u>	<u>\$ 446,560</u>	<u>\$ 495,051</u>	<u>\$ 2,737,307</u>	<u>\$2,468,063</u>

Governmental activities increased the Town's net position by \$317,735 for fiscal year 2023. Revenues from governmental activities totaled \$2,162,921. Operating grants and contributions comprise the largest source of these revenues, totaling \$1,714,396 or 79% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$1,919,401. Community development was the Town's largest program with expenses totaling \$1,343,207 or 70% of all governmental activities expenses.

Business-type activities decreased the Town's net position by \$48,491. Revenues from business-type activities totaled \$358,982 for the fiscal year ended June 30, 2023. Expenses for the business-type activities totaled \$333,258 for the fiscal year ended June 30, 2023.

For the Town's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 109,594	\$ (109,594)	\$ 148,965	\$ (148,965)
Public safety	417,951	(374,655)	269,217	22,657
Public works	37,310	351,490	126,158	(51,855)
Parks, recreation, and cultural	9,214	(9,214)	7,000	(7,000)
Community development	1,343,207	23,403	456,619	(31,555)
Interest on long-term debt	<u>2,125</u>	<u>(2,125)</u>	<u>3,218</u>	<u>(3,218)</u>
Total	<u>\$ 1,919,401</u>	<u>\$ (120,695)</u>	<u>\$1,011,177</u>	<u>\$ (219,936)</u>

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. 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 financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The Town's governmental funds reported combined ending fund balances of \$651,492. The combined governmental fund balance increased \$232,821 from the prior year.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$628,592. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 96% of total fund expenditures, while total fund balance represents 96% of that same amount.

- The Water and Sewer Fund contributed \$74,215 in operating funds to finance the General Fund's operations.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 125,000	\$ 125,000	\$ 156,099	\$ 118,000	\$ 118,000	\$ 135,462
Fines and forfeitures	36,381	36,381	8,874	45,000	45,000	15,730
Other	211,114	211,114	262,028	226,895	226,895	390,166
Intergovernmental	<u>25,700</u>	<u>25,700</u>	<u>361,659</u>	<u>28,000</u>	<u>28,000</u>	<u>309,127</u>
Total Revenues	398,195	398,195	788,660	417,895	417,895	850,485
Expenditures	<u>432,089</u>	<u>432,089</u>	<u>654,210</u>	<u>433,993</u>	<u>433,993</u>	<u>638,888</u>
Excess (Deficiency) of Revenues Over Expenditures	(33,894)	(33,894)	134,450	(16,098)	(16,098)	211,597
Other Financing Sources (Uses)						
Transfers in	<u>33,894</u>	<u>33,894</u>	<u>74,515</u>	<u>16,098</u>	<u>16,098</u>	<u>75,589</u>
Total	<u>33,894</u>	<u>33,894</u>	<u>74,515</u>	<u>16,098</u>	<u>16,098</u>	<u>75,589</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 287,186</u>

There were no budget amendments during the year.

Actual revenues were more than budget amounts by \$390,465, or 98%, while actual expenditures were \$222,121, or 51% more than final budget amounts due to the Town not amending the budget for grant revenues and expenditures.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2023, the Town's governmental activities net capital assets total \$1,640,635, which represents a net increase of \$30,726 or 2% over the previous fiscal year-end balance. The business-type activities net capital assets total \$92,706, a decrease of \$56,770 or 38% over the previous fiscal year, as summarized in the following table:

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2022</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2023</u>
Land and land improvements	\$ 69,776	\$ -	\$ 69,776
Buildings and improvements	1,458,266	-	1,458,266
Furniture, equipment, and vehicles	<u>1,208,599</u>	<u>146,629</u>	<u>1,355,228</u>
Total Capital Assets	2,736,641	146,629	2,883,270
Less: Accumulated depreciation and amortization	<u>(1,126,732)</u>	<u>(115,903)</u>	<u>(1,242,635)</u>
Total Capital Assets, Net	<u>\$ 1,609,909</u>	<u>\$ 30,726</u>	<u>\$ 1,640,635</u>

Business-Type Activities

	<u>Balance July 1, 2022</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2023</u>
Buildings and systems	\$ 2,243,051	\$ -	\$ 2,243,051
Furniture, equipment, and vehicles	<u>41,321</u>	<u>-</u>	<u>41,321</u>
Total Capital Assets	2,284,372	-	2,284,372
Less: Accumulated depreciation and amortization	<u>(2,134,896)</u>	<u>(56,770)</u>	<u>(2,191,666)</u>
Total Capital Assets, Net	<u>\$ 149,476</u>	<u>\$ (56,770)</u>	<u>\$ 92,706</u>

Long-Term Debt

As of June 30, 2023, the Town's long-term obligations total \$76,758.

	<u>Balance July 1, 2022</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2023</u>
Governmental Activities			
Long-term debt	<u>\$ 119,962</u>	<u>\$ (43,204)</u>	<u>\$ 76,758</u>
 Total Governmental Activities and Primary Government	 <u>\$ 119,962</u>	 <u>\$ (43,204)</u>	 <u>\$ 76,758</u>

More detailed information on the Town's long-term obligations is presented in Notes 9 and 22 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2024 budget.

The average unemployment rate for the Town of LaCrosse, Virginia in June 2023, which uses Mecklenburg County, Virginia's rate, was 3.4%. This compares unfavorably to the state's rate of 2.8% and favorably to the national rate of 3.8%.

The estimate in April 2021 by the University of Virginia Weldon Cooper Center is a population of 617.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2024, which accounts for most of the Town's operational cost. The Town's adopted fiscal year 2024 budgeted revenues for the general fund are \$383,381, a 4% decrease from fiscal year 2023.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Clerk/Treasurer, Town of LaCrosse, Virginia, 115 South Main Street, LaCrosse, Virginia 23950, telephone 434-757-7366.

BASIC FINANCIAL STATEMENTS

Town of LaCrosse, Virginia

Statement of Net Position

At June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 943,423	\$ -	\$ 943,423
Property taxes receivable	37,406	-	37,406
Other receivables	748	59,168	59,916
Lease receivable - current	8,871	-	8,871
Due from other governments	3,670	-	3,670
Internal balances	(280,247)	280,247	-
Total Current Assets	713,871	339,415	1,053,286
Noncurrent Assets			
Lease receivable - net of current portion	18,841	-	18,841
Capital Assets			
Land	69,776	-	69,776
Other capital assets, net of accumulated depreciation	1,570,859	92,706	1,663,565
Capital Assets, Net	1,640,635	92,706	1,733,341
Total Noncurrent Assets	1,659,476	92,706	1,752,182
Other Assets			
Net pension asset	87,145	49,599	136,744
Net OPEB asset	43	-	43
Total Other Assets	87,188	49,599	136,787
Total Assets	2,460,535	481,720	2,942,255
Deferred Outflows of Resources			
Pension	2,113	1,352	3,465
OPEB	33,659	-	33,659
Total Deferred Outflows of Resources	35,772	1,352	37,124
Total Assets and Deferred Outflows of Resources	\$ 2,496,307	\$ 483,072	\$ 2,979,379
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 12,990	\$ 3,432	\$ 16,422
Customer deposits	-	26,054	26,054
Total Current Liabilities	12,990	29,486	42,476
Noncurrent Liabilities			
<i>Due within one year</i>			
Notes payable	12,868	-	12,868
<i>Due in more than one year</i>			
Notes payable	63,890	-	63,890
Net OPEB liability	39,700	-	39,700
Total Noncurrent Liabilities	116,458	-	116,458
Total Liabilities	129,448	29,486	158,934
Deferred Inflows of Resources			
Leases	30,824	-	30,824
Pension	10,990	7,026	18,016
OPEB	34,298	-	34,298
Total Deferred Inflows of Resources	76,112	7,026	83,138
Net Position			
Net investment in capital assets	1,563,877	92,706	1,656,583
Unrestricted	726,870	353,854	1,080,724
Total Net Position	2,290,747	446,560	2,737,307
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 2,496,307	\$ 483,072	\$ 2,979,379

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

Town of LaCrosse, Virginia

Statement of Activities

For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
Primary Government					
Governmental Activities					
General government administration	\$ 109,594	\$ -	\$ -	\$ (109,594)	\$ (109,594)
Public safety	417,951	8,874	34,422	(374,655)	(374,655)
Public works	37,310	75,436	313,364	351,490	351,490
Parks, recreation, and cultural	9,214	-	-	(9,214)	(9,214)
Community development	1,343,207	-	1,366,610	23,403	23,403
Interest on long-term debt	2,125	-	-	(2,125)	(2,125)
Total Governmental Activities	1,919,401	84,310	1,714,396	(120,695)	(120,695)
Business-Type Activities					
Water and Sewer Fund	333,258	358,982	-		\$ 25,724
Total Business-Type Activities	333,258	358,982	-		25,724
Total Primary Government	\$ 2,252,659	\$ 443,292	\$ 1,714,396		25,724
General Revenues					
Taxes					
General property taxes, real and personal				163,121	-
Other local taxes				161,030	-
Grants and contributions not restricted to specific programs				13,873	-
Unrestricted revenues from use of money and property				17,252	-
Miscellaneous				8,939	-
Transfers				74,215	(74,215)
Total General Revenues and Transfers				438,430	(74,215)
Change in Net Position				317,735	(48,491)
Net Position - Beginning of Year				1,973,012	495,051
Net Position - End of Year				\$ 2,290,747	\$ 446,560

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

Town of LaCrosse, Virginia

Balance Sheet

Governmental Funds

At June 30, 2023

	<u>General Fund</u>	<u>Capital Project CDBG Fund</u>	<u>Special Revenue Cemetery Fund</u>	<u>Total Governmental Funds</u>
Assets				
Current Assets				
Cash and investments	\$ 922,047	\$ 21	\$ 21,355	\$ 943,423
Property taxes receivable, net	37,406	-	-	37,406
Due from other governments	1,346	2,324	-	3,670
Interest receivable	748	-	-	748
Lease receivable - current	8,871	-	-	8,871
Total Current Assets	970,418	2,345	21,355	994,118
Noncurrent Assets				
Lease receivable - net of current	18,841	-	-	18,841
Total Noncurrent Assets	18,841	-	-	18,841
Total Assets	<u>\$ 989,259</u>	<u>\$ 2,345</u>	<u>\$ 21,355</u>	<u>\$ 1,012,959</u>
Liabilities				
Accounts payable	\$ 11,901	\$ -	\$ 800	\$ 12,701
Accrued liabilities	289	-	-	289
Due to other funds	280,247	-	-	280,247
Total Liabilities	292,437	-	800	293,237
Deferred Inflows of Resources				
Leases	30,824	-	-	30,824
Unavailable revenue - property taxes	37,406	-	-	37,406
Total Deferred Inflows of Resources	68,230	-	-	68,230
Fund Balance				
Assigned	-	2,345	20,555	22,900
Unassigned	628,592	-	-	628,592
Total Fund Balance	628,592	2,345	20,555	651,492
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 989,259</u>	<u>\$ 2,345</u>	<u>\$ 21,355</u>	<u>\$ 1,012,959</u>

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

Town of LaCrosse, Virginia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2023

Total Fund Balances for Governmental Funds	\$ 651,492
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Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 69,776
Buildings and improvements, net	1,001,064
Furniture, equipment, and vehicles, net	<u>569,795</u>

Total Capital Assets	1,640,635
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Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue	37,406
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Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	2,113
Deferred outflows of resources related to OPEBs	33,659
Deferred inflows of resources related to pensions	(10,990)
Deferred inflows of resources related to OPEBs	<u>(34,298)</u>

Total Deferred Outflows and Inflows of Resources	(9,516)
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Liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Bonds and notes payable	(76,758)
OPEB (net liability and asset)	(39,657)
Pension asset	<u>87,145</u>

Total	<u>(29,270)</u>
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Total Net Position of Governmental Activities	<u><u>\$ 2,290,747</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

Town of LaCrosse, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2023

	<u>General Fund</u>	<u>Capital Project CDBG Fund</u>	<u>Special Revenue Cemetery Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 156,099	\$ -	\$ -	\$ 156,099
Other local taxes	161,030	-	-	161,030
Fines and forfeitures	8,874	-	-	8,874
Use of money and property	16,623	-	629	17,252
Charges for services	75,436	-	-	75,436
Miscellaneous	8,939	-	-	8,939
<i>Intergovernmental</i>				
Revenue from the Commonwealth of Virginia	48,112	-	-	48,112
Revenue from the Federal Government	<u>313,547</u>	<u>1,366,610</u>	<u>-</u>	<u>1,680,157</u>
Total Revenues	788,660	1,366,610	629	2,155,899
Expenditures				
Current				
General government administration	164,935	-	-	164,935
Public safety	376,355	-	-	376,355
Public works	58,253	-	-	58,253
Parks, recreation, and cultural	1,614	-	7,600	9,214
Community development	7,724	1,335,483	-	1,343,207
Debt service	<u>45,329</u>	<u>-</u>	<u>-</u>	<u>45,329</u>
Total Expenditures	<u>654,210</u>	<u>1,335,483</u>	<u>7,600</u>	<u>1,997,293</u>
Excess (Deficiency) of Revenues Over Expenditures	134,450	31,127	(6,971)	158,606
Other Financing Sources (Uses)				
Transfers (to) other funds	-	-	(300)	(300)
Transfers from other funds	<u>74,515</u>	<u>-</u>	<u>-</u>	<u>74,515</u>
Total Other Financing Sources (Uses)	<u>74,515</u>	<u>-</u>	<u>(300)</u>	<u>74,215</u>
Net Change in Fund Balance	208,965	31,127	(7,271)	232,821
Fund Balance (Deficit) - Beginning of Year	<u>419,627</u>	<u>(28,782)</u>	<u>27,826</u>	<u>418,671</u>
Fund Balance - End of Year	<u>\$ 628,592</u>	<u>\$ 2,345</u>	<u>\$ 20,555</u>	<u>\$ 651,492</u>

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

Town of LaCrosse, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	232,821
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Amounts reported for governmental activities in the Statement of Activities are different because:

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 as depreciation expense.

Capitalized assets	\$	146,629	
Depreciation		<u>(115,903)</u>	30,726

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statement but recognized in the Statement of Activities.	7,022
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Bonds, long-term purchase obligations and lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

Repayments on debt	<u>43,204</u>	
Net Adjustment		43,204

Governmental funds report pension and OPEB contributions as expenditures. However, in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension/OPEB expense.

Change in net pension liability and related inflows and outflows	4,674	
Change in OPEB liability and related inflows and outflows	<u>(712)</u>	
		<u>3,962</u>

Change in Net Position of Governmental Activities	<u>\$</u>	<u>317,735</u>
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The accompanying notes to the financial statements are an integral part of this statement.

Town of LaCrosse, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2023

**Business-Type
Activities -
Enterprise Funds
Water and
Sewer Fund**

Assets**Current Assets**

Due from other funds	\$ 280,247
Accounts receivable	<u>59,168</u>

Total Current Assets 339,415

Capital Assets, net

92,706

Other Assets

Net pension assets	<u>49,599</u>
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Total Other Assets 49,599

Total Assets 481,720

Deferred Outflows of Resources

Pension	<u>1,352</u>
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Total Assets and Deferred Outflows of Resources \$ 483,072

Liabilities**Current Liabilities**

Accounts payable	\$ 3,432
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Noncurrent Liabilities

Customer deposits	<u>26,054</u>
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Total Liabilities 29,486

Deferred Inflows of Resources

Pension	7,026
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Net Position

Net investment in capital assets	92,706
Unrestricted	<u>353,854</u>

Total Net Position 446,560

Total Liabilities, Deferred Inflows of Resources and Net Position \$ 483,072

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

Town of LaCrosse, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds Water and Sewer Fund
Operating Revenues	
Charges for services, net	\$ 358,982
Total Operating Revenues	358,982
Operating Expenses	
Water purchased	83,978
Water salaries and related fringes	70,642
Sewer treatment and expansion	60,793
Other water and sewer	61,075
Depreciation	56,770
Total Operating Expenses	333,258
Operating Income	25,724
Operating Transfers Out	(74,215)
Change in Net Position	(48,491)
Total Net Position - Beginning of Year	495,051
Total Net Position - End of Year	\$ 446,560

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

Town of LaCrosse, Virginia

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2023

	<u>Business-Type Activities - Enterprise Funds Water and Sewer Fund</u>
Cash Flows from Operating Activities	
Receipts from customers	\$ 357,294
Payments to employees and related fringe benefits	(70,981)
Payments to suppliers	<u>(212,098)</u>
Net Cash Provided by Operating Activities	<u>74,215</u>
Cash Flows from Noncapital Financing Activities	
Payments made as interfund transfers	<u>(74,215)</u>
Net Cash Used in Noncapital Financing Activities	<u>(74,215)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-
Cash - Beginning of Year	<u>-</u>
Cash - End of Year	<u><u>\$ -</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 25,724
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>	
Depreciation expense	56,770
<i>Changes in assets and liabilities</i>	
Receivables, net	(2,456)
Customer water deposits	768
Accounts payable and accrued expenses	(6,252)
Net pension asset	13,401
Deferred outflows - pension	2,692
Deferred inflows - pension	<u>(16,432)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 74,215</u></u>

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

Town of LaCrosse, Virginia

Notes to the Financial Statements

Year Ended June 30, 2023

1 Summary of Significant Accounting Policies

Narrative Profile

The Town of LaCrosse, Virginia (the "Town") is located in the Southside area in Southeastern Virginia. The Town is governed by an appointed Town Manager, an elected Mayor, and a six-member Town Council with each serving administrative and legislative functions.

The Town of LaCrosse, Virginia is governed under the Town Executive – Town Council form of government. The Town of LaCrosse, Virginia engages in a comprehensive range of municipal services, including general government administration, public safety, public works, parks, recreation, and cultural, and community development.

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

1-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 the 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 the Town of LaCrosse, Virginia (the primary government).

Exclusions from the Reporting Entity

Jointly Governed Organization

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization. The Town of LaCrosse, Virginia contributed \$2,145 in fiscal year 2023 to Mecklenburg-Brunswick Airport Commission.

1-B. Financial Reporting Model

The Town's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, and required supplementary information, described as follows:

Management's Discussion and Analysis – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the Town's financial activities.

Government-wide Financial Statements – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Town as a whole. These financial statements focus on the primary government; as such, individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Town's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the Town at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each identifiable activity of the business-type activities of the Town. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The Town does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not considered to be program revenues are reported as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the Town.

Fund Financial Statements – During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and proprietary funds are reported in separate columns.

Reconciliation of Government-wide and Fund Financial Statements – Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total governmental activities net position as shown on the government-wide Statement of Net Position is presented. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net position of governmental activities as shown on the government-wide Statement of Activities is presented.

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.

GASB-Required Supplementary Pension – GASB issued Statement No. 68– *Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

GASB-Required Supplementary OPEB – GASB issued Statement No. 75– *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

1-C. Financial Statement Presentation

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. The following is a brief description of the funds reported by the Town in each of its fund types in the financial statements:

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the Town's major governmental funds:
 - **General Fund** – The General Fund is the primary operating fund of the Town and accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.

- *Special Revenue Funds* – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:
 - Cemetery Fund – This fund accounts for Town revenues collected and disbursed for maintenance of the Cemetery Fund controlled by the Town.
 - *Capital Projects Funds* – The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.
 - CDBG Fund – This fund accounts for community development block grant funds being used for various CDBG projects in the Town.
- **Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has one enterprise fund, the Water and Sewer Fund, which accounts for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges.
- **Fiduciary Funds (Custodial Funds)** – Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no fiduciary funds at this time.

1-D. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 (general government administration, public safety, public works, parks, recreation, and cultural, etc.) which are otherwise being supported by general government revenues, (property taxes, 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 (general government administration, public safety, public works, parks, recreation, and cultural, 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.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and, subsequently, remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

Licenses, permits, fines, and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state, and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1-E-1 Cash and Cash Equivalents

The Town operates a cash and investment pool which all funds utilize. The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The Town allocates investment earnings of the cash and investment pool to each participating fund on a monthly basis in accordance with that fund's average equity balance in the pool for that month.

1-E-2 Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

1-E-3 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 either "due to/from other funds" (i.e., the current portions of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

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. There is no allowance at this time.

Real and Personal Property Tax Data

The tax calendars for real and personal property taxes are summarized below:

Real Property Personal Property

Due Date	January 1	January 1
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The Town bills and collects its own property taxes.

A five percent penalty is levied on all taxes not collected on or before their due date.

1-E-4 Leases

As lessee, the Town recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town uses its estimated incremental borrowing rate as the discount rate for leases. The Town's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

As lessor, the Town recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

1-E-5 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

1-E-6 Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The Town reports these assets in the governmental activities column of the government-wide Statement of Net Position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the enterprise funds' Statement of Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. Improvements to capital assets are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	25 to 50 years
Furniture and other equipment	3 to 10 years
Vehicles	5 to 25 years
Infrastructure	15 to 50 years

1-E-7 *Deferred Outflows/Inflows of Resources*

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category also includes amounts related to pensions for certain actuarially determined differences between projected and actual investment earnings and lease deferrals.

The Statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenue received in advance, and amounts related to pensions for certain actuarially determined differences between projected and actual experience.

Deferred Inflows of Resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans, and notes receivable. The Town considers revenues available if they are collected within 60 days of the end of the fiscal year.

1-E-8 *Compensated Absences*

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The Town does not accrue compensated absences (annual leave benefits) at this time because of the immaterial amount of these benefits.

1-E-9 *Pensions*

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS).

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-10 Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program OPEB Plan's net fiduciary 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.

1-E-11 Political Subdivision Employee Virginia Local Disability Program

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-12 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

Governmental Fund Balances – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Net Position Flow Assumptions – 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.

Fund Balance Flow Assumptions – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-13 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are charges for services for water and sewer utilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All other items that do not directly relate to the principal and usual activity of the fund are recorded as nonoperating revenues and expenses. These items include investment earnings.

1-E-14 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

1-E-15 Long-Term Obligations

The Town reports long-term debt of Governmental Funds at face value in the general long-term debt account group. The face value of the debt is believed to approximate fair value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities in the appropriate funds.

1-E-16 Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

1-E-17 Adoption of New GASB Statements

The Town adopted the following GASB statements during the year ended June 30, 2023:

In March 2020, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 is effective for fiscal years beginning after June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the Town.

In May 2020, Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB Statement No. 96 is effective for fiscal year ending June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the Town.

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Town Council annually adopts budgets for the various funds of the primary government. All appropriations are legally controlled at the department level for the primary Government Funds. Unexpended appropriations lapse at the end of each fiscal year.

Budgetary Data

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

1. Prior to April 1, the Town Mayor submits to the Town Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget 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 fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.

Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the General Fund by \$222,121.

Expenditures exceeded appropriations in the Cemetery Fund by \$7,600.

Fund Deficits

No funds had fund deficits.

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 the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

The Town of LaCrosse, Virginia only invests in Certificates of Deposit at local banks. Therefore, there is no custodial risk, credit risk of debt securities, concentration of credit risk, or foreign currency risk. The only risk of interest rates is that associated with short-term rates at the local banks which are generally invested in Certificates of Deposit held less than one year.

The following is a summary of cash and cash equivalents:

<u>Asset Type</u>	<u>Carrying Amount</u>
Petty cash	\$ 40
Deposit accounts	<u>943,383</u>
Total Cash and Cash Equivalents	<u>\$ 943,423</u>

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Primary Government			
Cash and cash equivalents	<u>\$ 943,423</u>	<u>\$ -</u>	<u>\$ 943,423</u>
Total	<u>\$ 943,423</u>	<u>\$ -</u>	<u>\$ 943,423</u>

4 Receivables

Receivables at June 30, 2023 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
		<u>Water and Sewer</u>	
Property taxes	\$ 37,406	\$ -	\$ 37,406
Interest receivable - leases	748	-	748
Water and sewer	<u>-</u>	<u>59,168</u>	<u>59,168</u>
Total Receivables	<u>\$ 38,154</u>	<u>\$ 59,168</u>	<u>\$ 97,322</u>

5 Interfund Transfers

Interfund transfers for the year ended June 30, 2023 consisted of the following:

	<u>Transfer to</u>	<u>Transfer from</u>
Primary Government		
General Fund		
From Water and Sewer Fund for operating costs	\$ -	\$ 74,215
From Cemetery Fund for operating costs	-	300
Cemetery Fund		
To General Fund for operating costs	300	-
Water and Sewer Fund		
To General Fund for operating costs	<u>74,215</u>	<u>-</u>
Total Transfers	<u>\$ 74,515</u>	<u>\$ 74,515</u>

6 Interfund Receivables and Payables

Details of the primary government interfund receivables and payables as of June 30, 2023 are as follows:

	<u>Due to</u>	<u>Due from</u>
Primary Government		
General Fund		
Due to Water Fund	\$ 280,247	\$ -
Water and Sewer Fund		
Due from General Fund	-	280,247
Total Due To/Due From's	<u>\$ 280,247</u>	<u>\$ 280,247</u>

7 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 69,776	\$ -	\$ -	<u>\$ 69,776</u>
Total Capital Assets Not Being Depreciated	69,776	-	-	<u>69,776</u>
Other Capital Assets				
Buildings and improvements	1,458,266	-	-	<u>1,458,266</u>
Furniture, equipment, and vehicles	<u>1,208,599</u>	<u>146,629</u>	-	<u>1,355,228</u>
Total Other Capital Assets	2,666,865	146,629	-	<u>2,813,494</u>
Less: Accumulated depreciation for				
Buildings and improvements	413,232	43,970	-	<u>457,202</u>
Furniture, equipment, and vehicles	<u>713,500</u>	<u>71,933</u>	-	<u>785,433</u>
Total Accumulated Depreciation	<u>1,126,732</u>	<u>115,903</u>	-	<u>1,242,635</u>
Other Capital Assets, Net	<u>1,540,133</u>	<u>30,726</u>	-	<u>1,570,859</u>
Net Capital Assets	<u>\$ 1,609,909</u>	<u>\$ 30,726</u>	<u>\$ -</u>	<u>\$ 1,640,635</u>

Depreciation expense was allocated as follows:

Public safety	\$ 43,198
Public works	<u>72,705</u>
Total Depreciation Expense	<u>\$ 115,903</u>

Business-Type Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land and land improvements	\$ -	\$ -	\$ -	\$ -
Total Capital Assets Not Being Depreciated	-	-	-	-
Other Capital Assets				
Buildings and systems	2,243,051	-	-	2,243,051
Furniture, equipment, and vehicles	41,321	-	-	41,321
Total Other Capital Assets	2,284,372	-	-	2,284,372
Less: Accumulated depreciation for				
Buildings and systems	2,093,577	56,770	-	2,150,347
Furniture, equipment, and vehicles	41,319	-	-	41,319
Total Accumulated Depreciation	2,134,896	56,770	-	2,191,666
Other Capital Assets, Net	149,476	(56,770)	-	92,706
Net Capital Assets	\$ 149,476	\$ (56,770)	\$ -	\$ 92,706
Depreciation expense was allocated to water/sewer		\$ 56,770		

8 Compensated Absences

Each Town employee earns vacation based on various years of service. A maximum of 240 hours may be accumulated and is paid upon termination at the current rate of pay. Sick leave is earned at 8 hours a month and none is paid upon termination. No provision has been booked for compensated absences due to lack of materiality.

9 Long-Term Debt

PRIMARY GOVERNMENT

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

Year(s) Ended June 30.	Governmental Activities	
	Principal	Interest
2024	\$ 12,868	\$ 1,508
2025	13,144	1,232
2026	10,663	964
2027	8,966	766
2028	9,158	574
2029-2033	21,959	566
Total	\$ 76,758	\$ 5,610

Changes in Long-Term Debt

The following is a summary of changes in long-term obligations of the Town:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
General Fund					
Promissory note dated October 16, 2020 for \$87,500 to USDA Rural Development with monthly payments of \$811.00 for 10 years at 2.125% interest for a garbage truck.	\$ 74,105	\$ -	\$ 8,238	\$ 65,867	\$ 8,413
Promissory note dated November 13, 2020 for \$22,000 to USDA Rural Development with monthly payments of \$387.00 for 5 years at 2.125% interest for a garbage truck.	15,253	-	4,362	10,891	4,455
Promissory note dated October 16, 2014 for \$287,383.67 to Benchmark Community Bank with payments of \$3,098.36 monthly for 8.5 years with an interest rate of 2.50%. This is an unsecured loan.	30,604	-	30,604	-	-
Total Governmental Activities and Primary Government	<u>\$ 119,962</u>	<u>\$ -</u>	<u>\$ 43,204</u>	<u>\$ 76,758</u>	<u>\$ 12,868</u>

10 Leases

Town as Lessor

The Town has entered into an agreement for cellular towers. The lease agreement is summarized as follows:

<u>Property Description</u>	<u>Original Date</u>	<u>Renewal</u> <u>Payment</u> <u>Terms</u>	<u>Next Payment</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>June 30,</u> <u>2023</u>
New Cingular Wireless PCS, LLC	11/1/2021	6 agreements for 5 year terms	\$10,000 per year	4.00%	\$ 27,712
Totals					<u>\$ 27,712</u>

Lease-Related Revenue Year Ending June 30, 2023

Lease revenue	\$ 9,247
Interest revenue	1,246
Total	<u>\$ 10,493</u>

Annual payments to be received are as follows:

<u>Fiscal Year</u>	<u>Receivable</u> <u>Principal</u>	<u>Interest</u> <u>Income</u>	<u>Total</u>
2024	\$ 8,871	\$ 1,129	\$ 10,000
2025	9,232	768	10,000
2026	9,609	391	10,000
	<u>\$ 27,712</u>	<u>\$ 2,288</u>	<u>\$ 30,000</u>

11 Net Investment in Capital Assets

The “net investment in capital assets” amount reported on the government-wide Statement of Net Position as of June 30, 2023 is determined as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
Net Investment in Capital Assets			
Cost of capital assets	\$ 2,883,270	\$ 2,284,372	\$ 5,167,642
Less: Accumulated depreciation	<u>(1,242,635)</u>	<u>(2,191,666)</u>	<u>(3,434,301)</u>
Book value	1,640,635	92,706	1,733,341
Less: Capital related debt	<u>(76,758)</u>	<u>-</u>	<u>(76,758)</u>
Net Investment in Capital Assets	<u>\$ 1,563,877</u>	<u>\$ 92,706</u>	<u>\$ 1,656,583</u>

12 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

Governmental Funds - General Fund

Delinquent taxes not collected within 60 days	\$ 37,406
Leases	<u>30,824</u>
Total Deferred Inflows of Resources	<u>\$ 68,230</u>

13 Risk Management

The Town carries commercial insurance for risks of loss, including employee dishonesty and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety bond coverage is as follows:

The Cincinnati Insurance Company

Clerk/Treasurer - Tina S. Hudson	\$ 100,000
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14 Commitments and Contingencies

Federal programs in which the Town participates were audited 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). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

15 Litigation

At June 30, 2023, there were no matters of litigation involving the Town which would materially affect the Town’s financial position should any court decisions or pending matters not be favorable to such entities.

16 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed ten percent of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Property	<u>\$ 30,820,300</u>
Debt Limits per Constitution of Virginia - 10% Assessed Value	\$ 3,082,030
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross Debt	<u>76,758</u>
Legal Debt Margin - June 30, 2023	<u>\$ 3,005,272</u>

Note: Includes all long-term general obligation bonded debt.

17 Pension Plan

Plan Description

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

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

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

PLAN 2

About Plan 2

Same as Plan 1

Eligible Members

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Service Credit

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

PLAN 2

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

HYBRID RETIREMENT PLAN

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Defined Benefit Component:

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Vesting

Defined Benefit Component:

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

PLAN 1

Calculating the Benefit

The Basic Benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

HYBRID RETIREMENT PLAN

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution not required, except as governed by law.

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Defined Benefit Component:

VRS: The retirement multiplier for the defined benefit component 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.

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

PLAN 1
Normal Retirement Age

VRS: Age 65.

Political subdivisions hazardous duty employees:
Age 60.

Earliest Unreduced Retirement Eligibility

VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

Political subdivisions hazardous duty employees:
Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

Earliest Reduced Retirement Eligibility

VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

Political subdivisions hazardous duty employees:
Age 50 with at least five years of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the

PLAN 2
Normal Retirement Age

VRS: Normal Social Security retirement age.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Unreduced Retirement Eligibility

VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Reduced Retirement Eligibility

VRS: Age 60 with at least five years (60 months) of service credit.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility:

Same as Plan 1

**HYBRID
RETIREMENT PLAN**
Normal Retirement Age

Defined Benefit Component:
VRS: Same as Plan 2.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

VRS: Age 60 with at least five years (60 months) of service credit.

Political subdivisions hazardous duty employees:
Not applicable

Defined Contribution Component:

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2

Defined Contribution Component:

Not applicable

Eligibility:

Same as Plan 1 and Plan 2

PLAN 1

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2

Disability Coverage

Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	3
Inactive members:	
Vested inactive members	1
Non-vested inactive members	1
LTD	0
Inactive members active elsewhere in VRS	<u>2</u>
Total inactive members	4
Active members	<u>4</u>
Total covered employees	<u>11</u>

Contributions

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

If the employer used the certified rate: The Town of LaCrosse, Virginia's contractually required contribution rate for the year ended June 30, 2023 was 0.87% 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 employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town of LaCrosse, Virginia were \$1,266 and \$893 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Town of LaCrosse, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021 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, 2022.

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 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:

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service 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 in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	<u>3.00%</u>	6.55%	<u>0.20%</u>
Total	<u>100.00%</u>		<u>5.33%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return**	<u>7.83%</u>

**The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.*

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2022, 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, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

		<u>Increase (Decrease)</u>	
	<u>Total</u> <u>Pension</u> <u>Liability</u> <u>(a)</u>	<u>Plan</u> <u>Fiduciary</u> <u>Net Position</u> <u>(b)</u>	<u>Net</u> <u>Pension</u> <u>Liability (Asset)</u> <u>(a) - (b)</u>
Balances at June 30, 2021	\$ 360,555	\$ 531,661	\$ (171,106)
Changes for the Year			
Service cost	15,104	-	15,104
Interest	24,766	-	24,766
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	1,113	-	1,113
Contributions - employer	-	680	(680)
Contributions - employee	-	6,749	(6,749)
Net investment income	-	(488)	488
Benefit payments, including refunds	-	-	-
Refunds of employee contributions	(17,502)	(17,502)	-
Administrative expenses	-	(332)	332
Other changes	-	12	(12)
Net Changes	23,481	(10,881)	34,362
Balances at June 30, 2022	<u>\$ 384,036</u>	<u>\$ 520,780</u>	<u>\$ (136,744)</u>

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

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

	<u>1.00% Decrease</u> <u>(5.75%)</u>	<u>Current Discount</u> <u>Rate (6.75%)</u>	<u>1.00% Increase</u> <u>(7.75%)</u>
Political subdivision's			
Net Pension Liability (Asset)	\$ (85,881)	\$ (136,744)	\$ (178,015)

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

For the year ended June 30, 2023 the Town of LaCrosse, Virginia recognized pension expense of \$(3,960). At June 30, 2023 the Town of LaCrosse, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,042	\$ 2,675
Change in assumptions	1,157	-
Net difference between projected and actual earnings on pension plan investments	-	15,341
Employer contributions subsequent to the measurement date	<u>1,266</u>	<u>-</u>
Total	<u>\$ 3,465</u>	<u>\$ 18,016</u>

\$1,266 reported as deferred outflows of resources related to pensions resulting from the Town of LaCrosse, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended
June 30,**

2024	\$ (6,836)
2025	(5,881)
2026	(10,304)
2027	7,204
2028	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

18 OPEB Line of Duty Act Program

Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for LODA OPEB, including eligibility, coverage and benefits is set out in the table below:

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS

Eligible Employees

The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.

Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals:

- **Death:** The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:
 - \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after
 - \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
 - An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.
- **Health Insurance:** The LODA program provides health insurance benefits.
 - The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$1,364 and \$1,435 for the years ended June 30, 2023 and June 30, 2022, respectively.

Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2023, the entity reported a liability of \$39,700 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion .01049% as compared to .00521% at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$21,132. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the agency reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,050	\$ 7,420
Net difference between projected and actual earnings on LODA OPEB program investments	-	170
Change in assumptions	11,071	9,792
Changes in proportionate share	17,748	16,787
Employer contributions subsequent to the measurement date	<u>1,364</u>	<u>-</u>
Total	<u>\$ 33,233</u>	<u>\$ 34,169</u>

\$1,364 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2024	\$ (3,207)
2025	(3,203)
2026	(3,199)
2027	923
2028	1,865
Thereafter	4,521

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation - Locality employees	N/A
Medical cost trend rates assumption - Under age 65	7.00% - 4.75%
Ages 65 and older	5.25% - 4.75%
Year of ultimate trend rate Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

Mortality rates – Non-Largest Ten Locality Employers with Public Safety 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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the Line of Duty Act Program (LODA) is as follows (amounts expressed in thousands):

	<u>Line of Duty Act Program</u>
Total LODA OPEB Liability	\$385,669
Plan Fiduciary Net Position	<u>7,214</u>
LODA Net OPEB Liability (Asset)	<u>\$378,455</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%

The total LODA 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 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.

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 2.69% or one percentage point higher 4.69% than the current rate:

	1.00% Decrease (2.69%)	Current Discount Rate (3.69%)	1.00% Increase (4.69%)
Covered Employer's Proportionate Share of the LODA Net OPEB Liability	\$ 45,317	\$ 39,700	\$ 35,104

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program (LODA) contains a provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	1.00% Decrease (6% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1.00% Increase (8% decreasing to 5.75%)
Covered Employer's Proportionate Share of the LODA Net OPEB Liability	\$ 33,456	\$ 39,700	\$ 47,537

LODA OPEB Plan Fiduciary Net Position

Detailed information about the Line of Duty Act Program (LODA) Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

19 **OPEB Virginia Local Disability Program**

Plan Description

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their hybrid plan employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS

Eligible Employees

The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with hybrid plan retirement benefits.

Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

- Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.

Benefit Amounts

The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

Short-Term Disability:

- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related of work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels.

Long-Term Disability:

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

Virginia Local Disability Program Notes:

- Members approved for short-term or long-term disability at age 60 or older will be eligible for benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

Contributions

The contribution requirement for active hybrid plan employees is governed by § 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2023, was 0.85% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 from the political subdivision to the VRS Political Subdivision Employee Virginia Local Disability Program were \$287 and \$281 for the years ended June 30, 2023, and June 30, 2022, respectively.

Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Political Subdivision Employee Virginia Local Disability Program OPEB

At June 30, 2023, the political subdivision reported a liability (asset) of \$(43) for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2022, and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was .00723% as compared to .01071% at June 30, 2021.

For the year ended June 30, 2023, the political subdivision recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of \$240. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 60	\$ 91
Net difference between projected and actual earnings on Political Subdivision VLDP OPEB program investments	-	-
Change in assumptions	2	15
Changes in proportion	77	23
Employer contributions subsequent to the measurement date	<u>287</u>	<u>-</u>
Total	<u>\$ 426</u>	<u>\$ 129</u>

\$287 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

**Year Ended
June 30,**

2024	\$	5
2025		3
2026		(13)
2027		9
2028		6
Thereafter		-

Actuarial Assumptions

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Inflation	2.50%
Salary increases, including inflation - Political subdivision employees	3.50% - 5.35%
Investment rate of return	6.75%, including inflation

Mortality rates – Non-Largest 10 Locality Employers – General and Non-Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years, 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General 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

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

Net Political Subdivision Employee VLDP OPEB Liability

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

		Political Subdivision Employee VLDP OPEB Plan
Total Political Subdivision Employee VLDP OPEB Liability	\$	7,360
Plan Fiduciary Net Position		<u>7,948</u>
Political Subdivision Employee VLDP Net OPEB Liability (Asset)	\$	<u><u>(588)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision Employee VLDP OPEB Liability		107.99%

The total Political Subdivision Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Political Subdivision Employee VLDP 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.

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	<u>3.00%</u>	6.55%	<u>0.20%</u>
Total	<u>100.00%</u>		5.33%
	Inflation		<u>2.50%</u>
	**Expected arithmetic nominal return		<u>7.83%</u>

* The above allocation provides a one-year return of 7.83%. 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. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB 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 Political Subdivision Employee VLDP OPEB liability.

Sensitivity of the Political Subdivision's Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate

The following presents the political subdivision's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 6.75%, as well as what the political subdivision's proportionate share of the net VLDP 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Covered Employers Proportionate Share of the VRS Political Subdivision Employee VLDP OPEB Plan Net OPEB Liability (Asset)	\$ 5	\$ (43)	\$ (83)

Political Subdivision Employee VLDP OPEB Fiduciary Net Position

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

20 Aggregate OPEB Information

Primary Government					
	Deferred Outflows	Deferred Inflows	Net OPEB (Asset)	Net OPEB Liability	OPEB Expense
VRS OPEB Plans					
<i>Line of Duty Act Program</i>					
Primary Government	\$ 33,233	\$ 34,169	\$ -	\$ 39,700	\$ 21,132
<i>Virginia Local Disability Program</i>					
Primary Government	426	129	(43)	-	240
Totals	\$ 33,659	\$ 34,298	\$ (43)	\$ 39,700	\$ 21,372

21 Fund Balances – Governmental Funds

As of June 30, 2023, fund balances are composed of the following:

Fund	Assigned	Amount
CDBG Fund	Capital Project- CDBG	\$ 2,345
Cemetery	Subsequent years' appropriations	20,555
	Total	<u>\$22,900</u>

22 Long-Term Commitments

The Town of LaCrosse, Virginia has entered into agreements with the Town of South Hill, Virginia for wastewater treatment capacity. In lieu of signing notes for financing the treatment facility, the Towns negotiated a rate that consists of two payment components. First, there is a flat monthly charge of \$1,456 based on the allotted capacity of the plant. This amount is due until January of 2035. Secondly, there is a variable monthly charge based on consumption. Collectively, the two payments are recorded in the water and sewer funds as sewer treatment expenses.

**Long-Term Commitment to the
Town of South Hill, Virginia
for Operating Agreement**

Year(s) Ended June 30,	Water and Sewer Fund Annual Payments
2024	\$ 17,471
2025	17,471
2026	17,471
2027	17,471
2028	17,471
2029-2033	87,355
2034-2036	26,204
Total	<u>\$ 200,914</u>

There are 138 payments left as of June 30, 2023 for \$1,455.90 per month.

23 Upcoming Pronouncements

GASB Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. An Amendment of GASB Statement No. 62 – will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - requires recording compensation due to employees as a liability if not paid at the date of the financial statements. The amount due should be calculated at the employee's pay rate as of the date of financials. The Statement reduces the note disclosure and excludes certain compensated absences such as parental leave, military leave, and jury duty from the calculated liability. This Statement is effective for fiscal years beginning after December 15, 2023.

24 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through March 25, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Town of LaCrosse, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
General Fund				
Revenues				
General Property Taxes				
Real estate and personal property taxes	\$ 125,000	\$ 125,000	\$ 156,099	\$ 31,099
Total General Property Taxes	125,000	125,000	156,099	31,099
Other Local Taxes				
Local sales and use taxes	70,000	70,000	84,382	14,382
Motor vehicle licenses	6,000	6,000	6,296	296
Utility taxes and consumption taxes	13,000	13,000	13,840	840
Lodging taxes	-	-	2,522	2,522
Rolling stock tax	-	-	4	4
Business license taxes	30,000	30,000	52,331	22,331
Meals tax	2,000	2,000	1,655	(345)
Total Other Local Taxes	121,000	121,000	161,030	40,030
Revenue from Use of Money and Property				
Lease income - water tank antenna	14,814	14,814	14,061	(753)
Interest income	-	-	2,562	2,562
Total Revenue from Use of Money and Property	14,814	14,814	16,623	1,809
Charges for Services				
Garbage fees	73,000	73,000	75,436	2,436
Total Charges for Services	73,000	73,000	75,436	2,436
Fines and Forfeitures				
	36,381	36,381	8,874	(27,507)
Miscellaneous				
Office expense refund	300	300	153	(147)
Miscellaneous and other refunds	2,000	2,000	8,786	6,786
Total Miscellaneous	2,300	2,300	8,939	6,639

Variance
With
Final Budget
Positive
(Negative)

Original
Budget

Final
Budget

Actual

Intergovernmental

Revenue from the Commonwealth of Virginia

Noncategorical Aid

Communications tax	8,700	8,700	8,480	(220)
Personal Property Tax Relief Act (PPTRA)	-	-	5,393	5,393
Total - Noncategorical Aid	8,700	8,700	13,873	5,173

Categorical Aid

Fire program	-	-	15,000	15,000
Law enforcement grant	16,000	16,000	17,644	1,644
Litter prevention	1,000	1,000	1,595	595
Total Revenue from the Commonwealth of Virginia	25,700	25,700	48,112	22,412

Revenue from the Federal Government

Law enforcement grant	-	-	1,778	1,778
ARPA Coronavirus funds	-	-	311,769	311,769
Total Revenue from the Federal Government	-	-	313,547	313,547

Total Intergovernmental Revenue	25,700	25,700	361,659	335,959
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Total Revenues	398,195	398,195	788,660	390,465
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Expenditures

Current

General Government Administration

Town council and manager	-	-	2,550	(2,550)
Salaries	79,750	79,750	68,395	11,355
Health insurance	34,000	34,000	33,435	565
Payroll taxes	15,000	15,000	13,820	1,180
Retirement	2,000	2,000	1,716	284
Legal and accounting	8,000	8,000	7,010	990
Insurance and bonds	28,000	28,000	27,137	863
Office supplies and postage	9,000	9,000	8,574	426
Miscellaneous	2,500	2,500	1,657	843
Advertising	1,000	1,000	641	359
Total General Government Administration	179,250	179,250	164,935	14,315

Public Safety

Police Department

Salaries	73,500	73,500	36,348	37,152
Police department	25,000	25,000	19,082	5,918
Total Police Department	98,500	98,500	55,430	43,070

Southside Rescue Squad	2,400	2,400	2,600	(200)
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ARPA

ARPA Coronavirus	-	-	249,647	(249,647)
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Fire Department

Other fire department	54,855	54,855	68,678	(13,823)
Total Fire Department	54,855	54,855	68,678	(13,823)
Total Public Safety	155,755	155,755	376,355	(220,600)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Works</i>				
Miscellaneous	3,985	3,985	2,098	1,887
Uniforms	2,500	2,500	2,450	50
Vehicle repairs, maintenance, and fuel	20,583	20,583	14,915	5,668
Electricity	24,000	24,000	16,705	7,295
Supplies	14,222	14,222	2,651	11,571
Telephone	-	-	6,441	(6,441)
General repairs and maintenance	<u>23,000</u>	<u>23,000</u>	<u>12,993</u>	<u>10,007</u>
Total Public Works	88,290	88,290	58,253	30,037
<i>Parks, Recreation, and Cultural</i>				
Rails to Trails	500	500	500	-
Parks and recreation	<u>1,500</u>	<u>1,500</u>	<u>1,114</u>	<u>386</u>
Total Parks, Recreation, and Cultural	2,000	2,000	1,614	386
<i>Community Development</i>				
Mecklenburg-Brunswick Regional Airport	1,980	1,980	2,145	(165)
Lake Country Area on Aging	4,814	4,814	4,814	-
Hotel	-	-	740	(740)
Friends of LaCrosse	<u>-</u>	<u>-</u>	<u>25</u>	<u>(25)</u>
Total Community Development	6,794	6,794	7,724	(930)
<i>Debt Service</i>	<u>-</u>	<u>-</u>	<u>45,329</u>	<u>(45,329)</u>
Total Expenditures	<u>432,089</u>	<u>432,089</u>	<u>654,210</u>	<u>(222,121)</u>
Excess (Deficiency) of Revenues Over Expenditures	(33,894)	(33,894)	134,450	168,344
Other Financing Sources (Uses)				
Transfers (to) other funds	-	-	-	-
Transfers from other funds	<u>33,894</u>	<u>33,894</u>	<u>74,515</u>	<u>40,621</u>
Total Other Financing Sources (Uses)	<u>33,894</u>	<u>33,894</u>	<u>74,515</u>	<u>40,621</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	208,965	<u>\$ 208,965</u>
Fund Balance - Beginning of Year			<u>419,627</u>	
Fund Balance - End of Year			<u>\$ 628,592</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Cemetery Fund				
Revenues				
Revenue from Use of Money and Property				
Sale of lots	\$ -	\$ -	\$ 600	\$ 600
Interest income	-	-	29	29
Total Revenue from Use of Money and Property	-	-	629	629
Charges for Services				
Cemetery maintenance income	-	-	-	-
Total Revenues	-	-	629	629
Expenditures				
Current				
<i>Parks, Recreation, and Cultural</i>				
Cemetery maintenance	-	-	7,600	(7,600)
Total Parks, Recreation, and Cultural	-	-	7,600	(7,600)
Total Expenditures	-	-	7,600	(7,600)
Excess (Deficiency) of Revenues Over Expenditures	-	-	(6,971)	(6,971)
Other Financing Sources (Uses)				
Transfers to other funds	-	-	(300)	(300)
Total Other Financing Sources (Uses)	-	-	(300)	(300)
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(7,271)	<u>\$ (7,271)</u>
Fund Balance - Beginning of Year			<u>27,826</u>	
Fund Balance - End of Year			<u>\$ 20,555</u>	

Town of LaCrosse, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability									
Service cost	\$ 15,104	\$ 15,339	\$ 14,617	\$ 18,539	\$ 17,228	\$ 15,709	\$ 20,058	\$ 20,082	\$ 19,277
Interest	24,766	22,054	21,855	18,502	16,631	16,477	14,751	13,126	11,584
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	1,113	995	(17,003)	29,550	7,847	(12,599)	(3,311)	(195)	-
Changes of assumptions	-	3,785	-	9,062	-	(8,201)	-	-	-
Benefit payments	(17,502)	(16,677)	(16,380)	(15,990)	(13,979)	(4,380)	(9,306)	(10,304)	(7,355)
Net change in total pension liability	23,481	25,496	3,089	59,663	27,727	7,006	22,192	22,709	23,506
Total pension liability - beginning	360,555	335,059	331,970	272,307	244,580	237,574	215,382	192,673	169,167
Total pension liability - ending (a)	\$ 384,036	\$ 360,555	\$ 335,059	\$ 331,970	\$ 272,307	\$ 244,580	\$ 237,574	\$ 215,382	\$ 192,673
Plan fiduciary net position									
Contributions - employer	\$ 680	\$ 647	\$ 950	\$ 1,192	\$ 4,147	\$ 3,847	\$ 6,368	\$ 7,875	\$ 13,330
Contributions - employee	6,749	6,859	6,533	6,159	6,821	6,328	6,968	8,616	8,545
Net investment income	(488)	115,922	8,159	27,035	28,410	41,538	5,694	14,484	41,198
Benefit payments	(17,502)	(16,677)	(16,380)	(15,990)	(13,979)	(4,380)	(9,306)	(10,304)	(7,355)
Refunds of contributions	-	-	-	-	-	-	-	-	-
Administrator charges	(332)	(290)	(279)	(270)	(243)	(229)	(200)	(188)	(206)
Other	12	11	(10)	(17)	(25)	(37)	(2)	(4)	2
Net change in plan fiduciary net position	(10,881)	106,472	(1,027)	18,109	25,131	47,067	9,522	20,479	55,514
Plan fiduciary net position - beginning	531,661	425,189	426,216	408,107	382,976	335,909	326,387	305,908	250,394
Plan fiduciary net position - ending (b)	\$ 520,780	\$ 531,661	\$ 425,189	\$ 426,216	\$ 408,107	\$ 382,976	\$ 335,909	\$ 326,387	\$ 305,908
Political subdivision's net pension liability (asset) - ending (a-b)	\$ (136,744)	\$ (171,106)	\$ (90,130)	\$ (94,246)	\$ (135,800)	\$ (138,396)	\$ (98,335)	\$ (111,005)	\$ (113,235)
Plan fiduciary net position as a percentage of the total pension liability	135.61%	147.46%	126.90%	128.39%	149.87%	156.59%	141.39%	151.54%	158.77%
Covered payroll	\$ 141,752	\$ 145,797	\$ 138,854	\$ 123,857	\$ 136,414	\$ 137,328	\$ 109,463	\$ 158,451	\$ 179,251
Political subdivision's net pension liability as a percentage of covered payroll	-96.47%	-117.36%	-64.91%	-76.09%	-99.55%	-100.78%	-89.83%	-70.06%	-63.17%

Town of LaCrosse, Virginia

Schedule of Employer Contributions

Political Subdivisions Retirement Plan

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)*	Contribution in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 1,266	\$ 1,266	\$ -	\$ 145,483	0.87%
2022	893	893	-	141,752	0.63%
2021	919	919	-	145,797	0.63%
2020	1,375	1,375	-	138,854	0.99%
2019	1,226	1,226	-	123,857	0.99%
2018	4,147	4,147	-	136,414	3.04%
2017	4,175	4,175	-	137,328	3.04%
2016	5,002	5,002	-	109,463	4.57%
2015	7,241	7,241	-	158,451	4.57%
2014	n/a	n/a	n/a	n/a	n/a

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

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

Note: This schedule should present 10 years of data; however, the information prior to fiscal year 2015 is not available.

Town of LaCrosse, Virginia

Notes to Required Supplementary Information

For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 year age and service 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 PUB2010 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	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 LaCrosse, Virginia

Schedule of Employer's Share of Net OPEB Liability

Line of Duty Act (LODA)

For the Measurement Dates of June 30, 2017 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net LODA OPEB Liability (Asset)	0.01049%	0.00521%	0.00519%	0.00526%	0.00534%	0.01052%
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	\$ 39,700	\$ 22,976	\$ 21,736	\$ 18,873	\$ 17,000	\$ 28,000
Covered - Employee Payroll	\$ 43,809 *	\$ 55,239 *	\$ 41,000 *	\$ 34,978 *	\$ 38,760 *	\$ 39,283 *
Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered - Employee Payroll	90.62% *	41.59% *	53.01% *	53.96% *	43.86% *	71.28% *
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.87%	1.68%	1.02%	0.79	0.60%	1.30%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years available. However, additional years will be included as they become available.

**The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.*

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Line of Duty Act Program (LODA) for each year is presented on page 136 of the VRS 2022 Annual Report.

Town of LaCrosse, Virginia

Schedule of Employer Contributions

Line of Duty Act Program (LODA)

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll (4)	Contributions as a % of Covered - Employee Payroll (5)
2023	\$ 1,364	\$ 1,364	\$ -	\$ 36,348 *	3.75% *
2022	1,435	1,435	-	43,809 *	3.28% *
2021	717	717	-	55,239 *	1.30% *
2020	706	706	-	41,000 *	1.72% *
2019	706	706	-	34,978 *	2.02% *
2018	567	567	-	38,760 *	1.46% *
2017	1,135	1,135	-	39,283 *	2.89% *
2016	N/A	N/A	N/A	N/A *	N/A *
2015	N/A	N/A	N/A	N/A *	N/A *
2014	N/A	N/A	N/A	N/A *	N/A *

**The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.*

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as reference in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

Town of LaCrosse, Virginia

Notes to Required Supplementary Information – OPEB LODA

For the Year Ended June 30, 2023

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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to Pub2010 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

Town of LaCrosse, Virginia

Schedule of Employer's Share of Net OPEB Liability

Virginia Local Disability Program (VLDP) - Political Subdivisions

For the Measurement Dates of June 30, 2017 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net VLDP OPEB Liability (Asset)	0.00723%	0.01071%	0.01100%	0.00120%	0.00000%	0.00000%
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)	\$ (43)	\$ (109)	\$ 110	\$ 23	\$ -	\$ -
Employer's Covered Payroll	\$ 33,868	\$ 43,050	\$ 41,000	\$ 3,416	\$ -	\$ -
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	-0.13%	-0.25%	0.27%	0.67%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	60.55%	119.59%	76.84%	49.19%	51.22%	38.40%

Schedule is intended to show information for 10 years.

Since 2022 is the sixth year for this presentation, there are only six years available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Virginia Local Disability Program (VLDP) for each year is presented on page 133 of the VRS 2022 Annual Report.

Town of LaCrosse, Virginia

Schedule of Employer Contributions

Virginia Local Disability Program

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2023	\$ 287	\$ 287	\$ -	\$ 33,750	0.85%
2022	281	281	-	33,868	0.83%
2021	357	357	-	43,050	0.83%
2020	295	295	-	41,000	0.72%
2019	25	25	-	3,416	0.72%
2018	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A

For Reference Only:

Column 1 - Employer contribution rate multiplied by the employer's covered payroll

Column 2 - Actual employer contribution remitted to VRS

Column 4 - Employer's covered payroll amount for the fiscal year

Note: This schedule should present 10 years of data; however, the information prior to fiscal year 2014 is not available.

Town of LaCrosse, Virginia

Notes to Required Supplementary Information – OPEB VLDP

For the Year Ended June 30, 2023

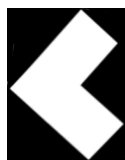
Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

COMPLIANCE SECTION



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

To the Town Council
Town of LaCrosse, 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, and each major fund of Town of LaCrosse, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of LaCrosse, Virginia's basic financial statements and have issued our report thereon dated March 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of LaCrosse, 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 LaCrosse, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of LaCrosse, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

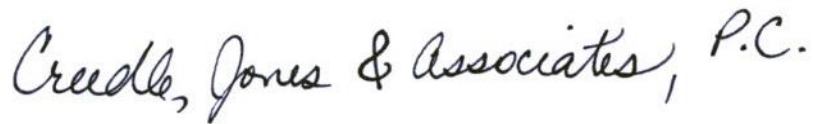
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of LaCrosse, 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*.

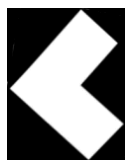
Purpose of this Report

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

A handwritten signature in black ink that reads "Creedle, Jones & Associates, P.C." in a cursive script.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
March 25, 2024



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

To the Town Council
Town of LaCrosse, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of LaCrosse, 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 LaCrosse, Virginia's major federal programs for the year ended June 30, 2023. Town of LaCrosse, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of LaCrosse, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of LaCrosse, 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 LaCrosse, 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 LaCrosse, Virginia's federal programs.

Auditor's 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 LaCrosse, 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 LaCrosse, 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 LaCrosse, 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 LaCrosse, 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 LaCrosse, 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.

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 Auditor's 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.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
March 25, 2024

Town of LaCrosse, Virginia

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Granting Agency/Recipient State Agency/ Grant Program	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U. S. Department of the Justice			
Pass-Through Payments			
<i>Virginia Department of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grants	16.738	140	\$ 1,778
Subtotal - U. S. Department of Justice			1,778
U. S. Department of the Treasury			
Pass-Through Payments			
<i>Virginia Department of Accounts</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	162.01	261,144
<i>Virginia Department of Housing and Community Development</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	165	50,625
Subtotal - U. S. Department of the Treasury			311,769
U. S. Department of Housing and Urban Development			
Pass-Through Payments			
<i>Virginia Department of Housing and Community Development</i>			
Community Development Block Grants/State's Program	14.228	165	1,366,610
Subtotal - U. S. Department of Housing and Urban Development			1,366,610
Grand Totals			\$ 1,680,157

See accompanying notes to schedule of expenditures of federal awards.

Town of LaCrosse, Virginia

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Town of LaCrosse, Virginia under programs of the federal government for the year ended June 30, 2023. 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 Town of LaCrosse, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of Town of LaCrosse, Virginia.

2. Summary of Significant Accounting Policies

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.

3. Indirect Cost Rate

Town of LaCrosse, Virginia has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Subrecipients

No awards passed through to subrecipients.

Town of LaCrosse, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: 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 federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major federal programs:

<u>Assistance Listing Number(s)</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

No matters reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported