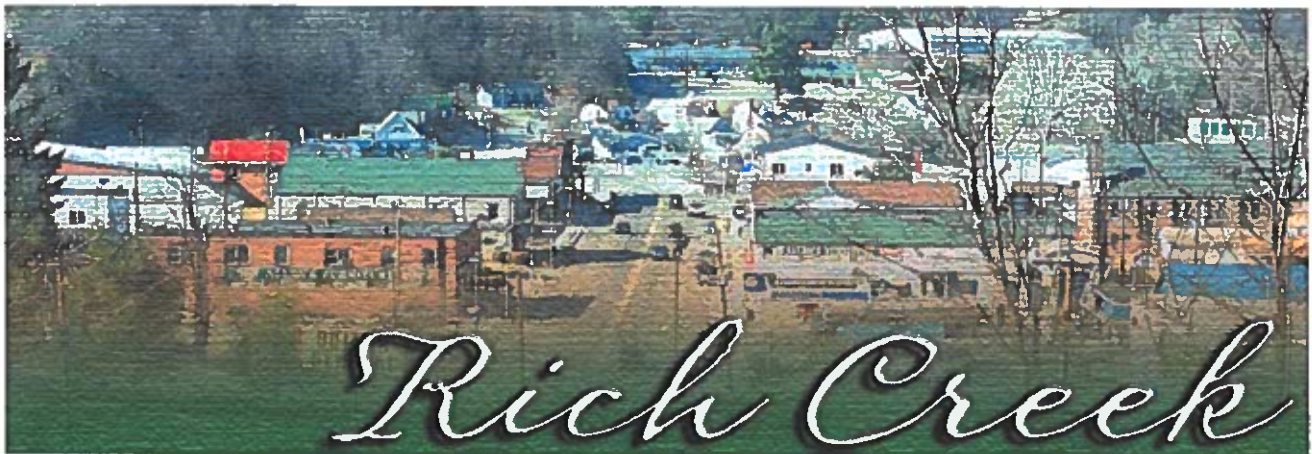

TOWN OF RICH CREEK, VIRGINIA

FINANCIAL STATEMENTS



FISCAL YEAR ENDED JUNE 30, 2021

TOWN OF RICH CREEK, VIRGINIA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF RICH CREEK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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**TOWN OF RICH CREEK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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INTRODUCTORY SECTION

TOWN OF RICH CREEK, VIRGINIA

TOWN COUNCIL

William C. Kantsios, Mayor
Stuart Helm, Vice-Mayor
Mark Clemons
Alice Huffman
Marty Gautier
Dorsey Bradley

OTHER OFFICIALS

Roger Jones Town Manager
Pam Kantsios.....Town Treasurer/Clerk

FINANCIAL SECTION



Independent Auditors' Report

**To the Members of the Town Council
Town of Rich Creek, Virginia
Rich Creek, Virginia**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rich Creek, Virginia, as of June 30, 2021, 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.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2021, the Town adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 15 to the financial statements, in 2021, the Town restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules related to pension and OPEB funding on pages 53 and 54-59, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

Supplementary and Other Information (Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of the Town of Rich Creek, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Rich Creek, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rich Creek, Virginia's internal control over financial reporting and compliance.



Blacksburg, Virginia
November 8, 2021

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Basic Financial Statements

Town of Rich Creek, Virginia
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 10,300	\$ 576,449	\$ 586,749
Restricted cash and cash equivalents	384,400	18,750	403,150
Receivables (net of allowance for uncollectibles):			
Taxes receivable	5,236	-	5,236
Accounts receivable	16,398	64,946	81,344
Internal balances	(134,047)	134,047	-
Intergovernmental receivable	40,908	-	40,908
Net pension asset	66,319	28,966	95,285
Capital assets (net of accumulated depreciation):			
Land	45,378	39,679	85,057
Buildings	154,896	-	154,896
Improvements other than buildings	136,763	-	136,763
Machinery and equipment	6,572	77,051	83,623
Vehicles	25,280	9,138	34,418
Water system	-	29,192	29,192
Sewer system	-	3,834,109	3,834,109
Total assets	\$ 758,403	\$ 4,812,327	\$ 5,570,730
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	\$ 9,036	\$ 4,018	\$ 13,054
Pension related items	24,869	14,077	38,946
Total deferred outflows of resources	\$ 33,905	\$ 18,095	\$ 52,000
LIABILITIES			
Accounts payable	\$ 13,296	\$ 12,560	\$ 25,856
Accrued wages	354	-	354
Customers' deposits	-	18,750	18,750
Accrued interest payable	-	3,269	3,269
Unearned grant revenue - ARPA	384,400	-	384,400
Long-term liabilities:			
Due within one year	7,273	40,089	47,362
Due in more than one year	14,155	1,615,136	1,629,291
Total liabilities	\$ 419,478	\$ 1,689,804	\$ 2,109,282
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 576	\$ -	\$ 576
OPEB related items	350	153	503
Pension related items	45,031	20,833	65,864
Total deferred inflows of resources	\$ 45,957	\$ 20,986	\$ 66,943
NET POSITION			
Net investment in capital assets	\$ 302,570	\$ 2,343,190	\$ 2,645,760
Restricted for:			
Net pension asset	66,319	28,966	95,285
Unrestricted	(42,016)	747,476	705,460
Total net position	\$ 326,873	\$ 3,119,632	\$ 3,446,505

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

Town of Rich Creek, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Capital	Primary Government	
			Grants and Contributions	Grants and Contributions		Governmental Activities	Business-type Activities
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 248,094	\$ -	\$ -	\$ -	\$ (248,094)	\$ -	\$ (248,094)
Public safety	152,975	9,582	33,628	-	(109,765)	-	(109,765)
Public works	495,787	-	-	288,040	(207,747)	-	(207,747)
Parks, recreation, and cultural	29,543	9,000	-	-	(20,543)	-	(20,543)
Total governmental activities	\$ 926,399	\$ 18,582	\$ 33,628	\$ 288,040	\$ (586,149)	\$ -	\$ (586,149)
Business-type activities:							
Water and Sewer	\$ 585,644	\$ 516,191	\$ 13,622	\$ 26,981	\$ -	\$ (28,850)	\$ (28,850)
Total primary government	\$ 1,512,043	\$ 534,773	\$ 47,250	\$ 315,021	\$ (586,149)	\$ (28,850)	\$ (614,999)
General revenues:							
General property taxes					\$ 142,020	\$ -	\$ 142,020
Other local taxes:							
Local sales and use taxes					43,075	-	43,075
Consumers' utility taxes					16,218	-	16,218
Business license taxes					63,011	-	63,011
Restaurant food taxes					66,377	-	66,377
Bank stock tax					14,189	-	14,189
Cigarette tax					30,150	-	30,150
Other local taxes					18,270	-	18,270
Unrestricted revenues from use of money and property					(746)	-	(746)
Miscellaneous					6,998	-	6,998
Grants and contributions not restricted to specific programs					18,365	-	18,365
Total general revenues					\$ 417,927	\$ -	\$ 417,927
Change in net position					\$ (168,222)	\$ (28,850)	\$ (197,072)
Net position - beginning					495,095	3,148,482	3,643,577
Net position - ending					\$ 326,873	\$ 3,119,632	\$ 3,446,505

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

Town of Rich Creek, Virginia
Balance Sheet
Governmental Fund
June 30, 2021

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 10,300
Taxes receivable	5,236
Accounts receivable	16,398
Intergovernmental receivable	40,908
Restricted assets:	
Temporarily restricted:	
Cash and cash equivalents	384,400
Total assets	<u>\$ 457,242</u>
LIABILITIES	
Accounts payable	\$ 13,296
Accrued wages	354
Due to other funds	134,047
Unearned revenue - ARPA	384,400
Total liabilities	<u>\$ 532,097</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 6,562
Unavailable revenue - prepaid taxes	576
Total deferred inflows of resources	<u>\$ 7,138</u>
FUND BALANCE	
Committed:	
Volunteer fire department	\$ 5,054
Computer maintenance	4,612
Unassigned	(91,659)
Total fund balances	<u>\$ (81,993)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 457,242</u>

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

Town of Rich Creek, Virginia
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2021

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

Total fund balance per Exhibit 3 - Balance Sheet - Governmental Fund	\$	(81,993)
--	----	----------

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

Land	\$ 45,378	
Buildings	154,896	
Improvements other than buildings	136,763	
Machinery and equipment	6,572	
Vehicles	<u>25,280</u>	368,889

The net pension asset is not an available resource and, therefore, is not reported in the funds.		66,319
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.

Unavailable revenue - property taxes		6,562
--------------------------------------	--	-------

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

Pension related items	\$ 24,869	
OPEB related items	<u>9,036</u>	33,905

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

Net OPEB liability	\$ (11,731)	
Compensated absences	<u>(9,697)</u>	(21,428)

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

Pension related items	\$ (45,031)	
OPEB related items	<u>(350)</u>	(45,381)

Net position of governmental activities	\$	<u><u>326,873</u></u>
---	----	-----------------------

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

Town of Rich Creek, Virginia
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Fund
For the Year Ended June 30, 2021

	<u>General</u>
REVENUES	
General property taxes	\$ 141,553
Other local taxes	251,290
Fines and forfeitures	9,582
Revenue from the use of money and property	(746)
Charges for services	9,000
Miscellaneous	6,998
Intergovernmental:	
Commonwealth	51,993
Federal	288,040
Total revenues	<u>\$ 757,710</u>
EXPENDITURES	
Current:	
General government administration	\$ 247,921
Public safety	144,402
Public works	42,486
Parks, recreation, and cultural	28,026
Capital projects	427,624
Total expenditures	<u>\$ 890,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (132,749)</u>
Net change in fund balance	\$ (132,749)
Fund balance - beginning	50,756
Fund balance - ending	<u><u>\$ (81,993)</u></u>

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

Town of Rich Creek, Virginia
 Reconciliation of the Statement of Revenues,
 Expenditures, and Change in Fund Balances of Governmental Fund
 to the Statement of Activities
 For the Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds	\$ (132,749)
--	--------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation expense exceeded capital outlays in the current period.

Depreciation expense	(40,884)
----------------------	----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue - property taxes	467
--	-----

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (32)	
Change in net pension asset and deferred items	6,415	
Change in net OPEB liability and deferred items	(1,439)	4,944

Change in net position of governmental activities	\$ (168,222)
---	--------------

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

Town of Rich Creek, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

	Proprietary Funds		
	Water and Sewer	Glen Creek STP	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 663,777	\$ -	\$ 663,777
Restricted cash and cash equivalents - customers' deposits	18,750	-	18,750
Accounts receivables, net of allowance for uncollectibles	62,120	2,826	64,946
Due from General Fund	134,047	-	134,047
Total current assets	\$ 878,694	\$ 2,826	\$ 881,520
Noncurrent assets:			
Net pension asset	\$ 20,162	\$ 8,804	\$ 28,966
Capital assets:			
Land	\$ 39,679	\$ -	\$ 39,679
Sewer system	6,200,741	-	6,200,741
Water system	1,114,182	-	1,114,182
Vehicles	106,207	-	106,207
Equipment	174,798	-	174,798
Accumulated depreciation	(3,646,438)	-	(3,646,438)
Total capital assets	\$ 3,989,169	\$ -	\$ 3,989,169
Total noncurrent assets	\$ 4,009,331	\$ 8,804	\$ 4,018,135
Total assets	\$ 4,888,025	\$ 11,630	\$ 4,899,655
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	\$ 2,791	\$ 1,227	\$ 4,018
Pension related items	11,197	2,880	14,077
Total deferred outflows of resources	\$ 13,988	\$ 4,107	\$ 18,095
LIABILITIES			
Current liabilities:			
Reconciled cash overdraft	\$ -	\$ 87,328	\$ 87,328
Accounts payable	10,374	2,186	12,560
Customers' deposits	18,750	-	18,750
Accrued interest payable	3,269	-	3,269
Compensated absences - current portion	2,044	1,048	3,092
Bonds payable - current portion	36,997	-	36,997
Total current liabilities	\$ 71,434	\$ 90,562	\$ 161,996
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 681	\$ 349	\$ 1,030
Net OPEB liability	3,567	1,557	5,124
Bonds payable - net of current portion	1,608,982	-	1,608,982
Total noncurrent liabilities	\$ 1,613,230	\$ 1,906	\$ 1,615,136
Total liabilities	\$ 1,684,664	\$ 92,468	\$ 1,777,132
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	\$ 106	\$ 47	\$ 153
Pension related items	14,955	5,878	20,833
Total deferred inflows of resources	\$ 15,061	\$ 5,925	\$ 20,986
NET POSITION			
Net investment in capital assets	\$ 2,343,190	\$ -	\$ 2,343,190
Restricted for net pension asset	20,162	8,804	28,966
Unrestricted	838,936	(91,460)	747,476
Total net position (deficit)	\$ 3,202,288	\$ (82,656)	\$ 3,119,632

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

Town of Rich Creek, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Proprietary Funds		
	Water and <u>Sewer</u>	Glen Creek <u>STP</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 237,095	\$ -	\$ 237,095
Sewer revenues	270,105	-	270,105
Water and sewer connection fees	8,123	-	8,123
Glen Lyn revenues	-	13,622	13,622
Miscellaneous revenue	868	-	868
Total operating revenues	<u>\$ 516,191</u>	<u>\$ 13,622</u>	<u>\$ 529,813</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 85,967	\$ 37,872	\$ 123,839
Utilities	8,654	23,020	31,674
Purchase of water	108,750	-	108,750
Supplies, maintenance and repairs	49,911	15,037	64,948
Office expense	1,859	456	2,315
Insurance	2,737	5,577	8,314
Professional services	-	3,013	3,013
Lab testing	-	5,079	5,079
Miscellaneous	2,168	300	2,468
Depreciation	193,675	-	193,675
Total operating expenses	<u>\$ 453,721</u>	<u>\$ 90,354</u>	<u>\$ 544,075</u>
Operating income (loss)	<u>\$ 62,470</u>	<u>\$ (76,732)</u>	<u>\$ (14,262)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (41,569)	\$ -	\$ (41,569)
Income (loss) before transfers and capital contributions	<u>\$ 20,901</u>	<u>\$ (76,732)</u>	<u>\$ (55,831)</u>
Capital contributions	26,981	-	26,981
Transfers in	-	89,015	89,015
Transfers out	(89,015)	-	(89,015)
Change in net position	<u>\$ (41,133)</u>	<u>\$ 12,283</u>	<u>\$ (28,850)</u>
Net position (deficit) - beginning	3,243,421	(94,939)	3,148,482
Net position (deficit) - ending	<u>\$ 3,202,288</u>	<u>\$ (82,656)</u>	<u>\$ 3,119,632</u>

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

Town of Rich Creek, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Proprietary Funds		
	Water and Sewer	Glen Creek STP	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 516,405	\$ 13,738	\$ 530,143
Payments to suppliers	(175,683)	(52,274)	(227,957)
Payments to and for employees	(85,071)	(37,274)	(122,345)
Net cash provided by (used for) operating activities	\$ 255,651	\$ (75,810)	\$ 179,841
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (89,015)	\$ -	\$ (89,015)
Transfers from other funds	-	89,015	89,015
Interfund borrowing	(914)	-	(914)
Net cash provided by (used for) noncapital financing activities	\$ (89,929)	\$ 89,015	\$ (914)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	\$ (6,040)	\$ -	\$ (6,040)
Principal payments on indebtedness	(36,083)	-	(36,083)
Capital contributions	26,981	-	26,981
Interest expense	(41,641)	-	(41,641)
Net cash provided by (used for) capital and related financing activities	\$ (56,783)	\$ -	\$ (56,783)
Net increase (decrease) in cash and cash equivalents	\$ 108,939	\$ 13,205	\$ 122,144
Cash and cash equivalents - beginning (includes \$19,019 restricted cash and cash equivalents)	573,588	(100,533)	473,055
Cash and cash equivalents - ending (includes \$18,750 restricted cash and cash equivalents)	\$ 682,527	\$ (87,328)	\$ 595,199
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 62,470	\$ (76,732)	\$ (14,262)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 193,675	\$ -	\$ 193,675
(Increase) decrease in accounts receivable	483	116	599
(Increase) decrease in deferred outflows of resources	2,372	2,689	5,061
(Increase) decrease in net pension asset	(2,938)	(3,864)	(6,802)
Increase (decrease) in net OPEB liability	(679)	339	(340)
Increase (decrease) in customer deposits	(269)	-	(269)
Increase (decrease) in operating accounts payable	(1,604)	208	(1,396)
Increase (decrease) in compensated absences	1,357	312	1,669
Increase (decrease) in deferred inflows of resources	784	1,122	1,906
Total adjustments	\$ 193,181	\$ 922	\$ 194,103
Net cash provided by (used for) operating activities	\$ 255,651	\$ (75,810)	\$ 179,841

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

Town of Rich Creek, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 34,923
Total assets	<u>\$ 34,923</u>
NET POSITION	
Restricted for:	
Library operations	\$ 3,837
Cemetery operations	31,086
Total net position	<u>\$ 34,923</u>

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

Town of Rich Creek, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Book sales	\$ 65
Private donations	5,776
Total contributions	<u>\$ 5,841</u>
Total additions	<u>\$ 5,841</u>
 Net increase (decrease) in fiduciary net position	 \$ 5,841
 Net position - beginning, as restated	 29,082
Net position - ending	<u><u>\$ 34,923</u></u>

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

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies:

The financial statements of Town of Rich Creek, Virginia (the Town) conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in GAAP and used by the Town are discussed below.

A. Financial Reporting Entity:

Town of Rich Creek, Virginia is a municipal corporation governed by an elected six-member Town Council. The accompanying financial statements present the Town. Related organizations, if any, are described below.

Blended Component Units - None

Discretely Presented Component Units - None

Related Organizations - None

Jointly Governed Organizations - Town of Rich Creek along with the County of Giles, the Towns of Pearisburg, Narrows, Glen Lyn, and Pembroke, participate in supporting Giles County Public Service Authority. The governing body of this organization is appointed by the respective governing bodies of the participating jurisdictions.

B. Government-wide and Fund Financial Statements:

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies: (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and 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 principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town's fiduciary funds are presented in the fund financial statements by type. 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.

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 in the month preceding receipt by the Town.

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies: (continued)

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

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 expenditure. 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 the government receives cash.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for and reports all financial resources of the general government, except those required to be accounted for in other funds.

The government reports the following major proprietary funds:

The Town operates a sewage collection and treatment system and a water distribution system. The activities of the systems are accounted for in the water and sewer fund.

The Town entered into an agreement with Town of Glen Lyn, Virginia to obtain a low interest United States Department of Agriculture (USDA) - Rural Development loan to construct a jointly owned and operated wastewater treatment facility. The costs to construct the facility were split by the engineers and each Town paid their appropriate share. The portion of the facility and loan belonging to Town of Rich Creek, Virginia is included in the above mentioned water and sewer fund. However, the Town pays 100% of the operating costs for the facility. These costs are paid for in the Glen Creek STP fund. These expenses are reimbursed from the Town's water and sewer fund and from Town of Glen Lyn, Virginia based on usage.

Additionally, the Town reports the following fund types:

Fiduciary funds account for assets held by the Town in a trustee capacity or as agent or custodian for individuals, private organizations, other governmental units or other funds. Custodial funds include the Library fund and the Town also accounts for Cemetery revenues and expenses in the Cemetery Trust fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies: (continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance:

1. Deposits and Investments

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

2. Property Taxes

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Real estate taxes are payable on March 15th. Personal property taxes are due and collectible annually on March 15th. The Town bills and collects its own property taxes.

3. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$5,497 for property taxes and \$29,810 for water and sewer receivables at June 30, 2021.

4. Use of Estimates

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

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies: (continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance:
(continued)

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20-40
Structures, lines, and accessories	20-40
Machinery and equipment	5-15
Land improvements	15

6. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. The Town accrues salary-related payments associated with the payment of compensated absences. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies: (continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance: (continued)

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

8. Deferred Outflows/Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies: (continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance:
(continued)

9. Fund Balances

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

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies: (continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance:
(continued)

10. Pensions

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

11. Other Postemployment Benefits (OPEB)

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

12. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 1 - Summary of Significant Accounting Policies: (continued)

D. Assets, Deferred Outflows/Inflows of Resources, Liabilities, and Net Position/Fund Balance:
(continued)

12. Net Position (continued)

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.

13. Deferred/Unavailable Revenue

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria has not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred.

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$6,562 at June 30, 2021.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2021 but paid in advance by the taxpayers totaled \$576 at June 30, 2021.

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 2 - Stewardship, Compliance, and Accountability:

A. Budgetary information:

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

1. Prior to June 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General Fund has a legally adopted budget.
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 level. Only the Town Council can revise the appropriation for the General Fund. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all Town units. No supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town's accounting system.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2021, the General Fund had expenditures in excess of appropriations.

C. Deficit fund balances:

At June 30, 2021, the General Fund and the Glen Creek STP Fund had deficit fund balance.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 3 - Deposits and Investments:

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.

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2021, the Town did not have any investments.

Note 4 - Intergovernmental Receivables:

The following amounts represent receivables from other governments at year-end:

	<u>General Fund</u>
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 4,693
Communication sales tax	471
<u>Federal Government:</u>	
Categorical aid	35,744
Total	<u>\$ 40,908</u>

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 5 - Interfund Obligations and Transfers:

<u>Fund</u>	<u>Due from General Fund</u>	<u>Due to Proprietary Fund</u>
General Fund	\$ 134,047	\$ -
Proprietary Fund	\$ -	\$ 134,047

The Town uses the General Fund to pay all salaries and benefits. The amount noted above represents amounts paid out of the General Fund to personnel of the Water and Sewer Fund for fiscal year ended June 30, 2021 net of amounts borrowed by the General Fund in the pooled cash account.

Interfund transfers for the fiscal year ended June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Water and Sewer Fund	\$ -	\$ 89,015
Glen Creek STP Fund	89,015	-
Total	\$ 89,015	\$ 89,015

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

Note 6 - Long-term Obligations - Governmental Activities:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2021</u>
Compensated absences	\$ 9,665	\$ 7,281	\$ (7,249)	\$ 9,697
Net OPEB liability	10,971	11,137	(10,377)	11,731
Total	\$ 20,636	\$ 18,418	\$ (17,626)	\$ 21,428

Details of long-term indebtedness:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
Compensated absences	\$ 9,697	\$ 7,273
Net OPEB liability	11,731	-
Total Long-term Obligations	\$ 21,428	\$ 7,273

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7 - Long-term Obligations - Business-type Activities:

The following is a summary of long-term obligation transactions of the Enterprise Fund for the year ended June 30, 2021:

	Balance July 1, 2020	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2021
Direct Borrowing - GO Bond	\$ 1,682,062	\$ -	\$ (36,083)	\$ 1,645,979
Compensated absences	2,453	3,509	(1,840)	4,122
Net OPEB liability	5,464	4,096	(4,436)	5,124
Total	<u>\$ 1,689,979</u>	<u>\$ 7,605</u>	<u>\$ (42,359)</u>	<u>\$ 1,655,225</u>

Details of long-term indebtedness:

	Total Amount	Amount Due Within One Year
<u>Direct Borrowing - GO Bond</u>		
\$1,905,000 USDA Rural Development Bond issued September 1, 2011. Combined principal and interest payments of \$6,477 began on October 1, 2013 and are due monthly through August 1, 2051. Interest on the bond accrues at 2.5%	\$ 1,645,979	\$ 36,997
<u>Other Obligations:</u>		
Compensated absences	\$ 4,122	\$ 3,092
Net OPEB liability	5,124	-
Total other obligations	<u>\$ 9,246</u>	<u>\$ 3,092</u>
Total Long-term Obligations	<u>\$ 1,655,225</u>	<u>\$ 40,089</u>

Collateral:

The Town's full faith and credit are pledged to the payment of the USDA \$1,905,000 bond and the interest thereon. In addition, the revenues derived from the sewer system have been pledged to secure payment.

Events of Default:

The Town's general obligation bonds are subject to the state aid intercept program. Under terms of the program, the Town's State aid is redirected to bond holders to cure any event(s) of default.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 7 - Long-term Obligations - Business-type Activities: (continued)

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

Year Ending June 30,	Direct Borrowing - GO Bond	
	Principal	Interest
2022	\$ 36,997	\$ 40,727
2023	37,932	39,792
2024	38,892	38,832
2025	39,875	37,849
2026	40,884	36,840
2027-2031	220,459	168,161
2032-2036	249,780	138,840
2037-2041	283,001	105,619
2042-2046	320,641	67,979
2047-2051	363,286	25,334
2052	14,232	46
Totals	\$ 1,645,979	\$ 700,019

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan:

Plan Description

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

Benefit Structures

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	2
Inactive members:	
Vested inactive members	3
Non-vested inactive members	-
Long-term disability (LTD)	-
Inactive members active elsewhere in VRS	-
Total inactive members	3
Active members	6
Total covered employees	11

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2021 was 3.64% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$6,833 and \$16,039 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

Actuarial Assumptions- General Employees (Continued)

Mortality rates:

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
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Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
------------------	--

Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
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Disability Rates	Lowered rates
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Salary Scale	No change
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Line of Duty Disability	Increased rate from 14.00% to 15.00%
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Discount Rate	Decreased rate from 7.00% to 6.75%
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

Actuarial Assumptions- Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

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

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

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

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

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
---	---

Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%. One October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

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 contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever is greater. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 407,747	\$ 474,413	\$ (66,666)
Changes for the year:			
Service cost	\$ 21,882	\$ -	\$ 21,882
Interest	27,179	-	27,179
Benefit changes	-	-	-
Differences between expected and actual experience	(43,195)	-	(43,195)
Assumption changes	-	-	-
Contributions - employer	-	16,039	(16,039)
Contributions - employee	-	9,535	(9,535)
Net investment income	-	9,213	(9,213)
Benefit payments, including refunds	(10,191)	(10,191)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(291)	291
Other changes	-	(11)	11
Net changes	\$ (4,325)	\$ 24,294	\$ (28,619)
Balances at June 30, 2020	\$ 403,422	\$ 498,707	\$ (95,285)

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

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

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

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Town of Rich Creek			
Net Pension Liability (Asset)	\$ (46,085)	\$ (95,285)	\$ (136,558)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$(173). At June 30, 2021, the Town 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	\$ 7,312	\$ 62,386
Change in assumptions	6,929	708
Net difference between projected and actual earnings on pension plan investments	15,102	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,770	2,770
Employer contributions subsequent to the measurement date	<u>6,833</u>	<u>-</u>
Total	<u>\$ 38,946</u>	<u>\$ 65,864</u>

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 8 - Pension Plan: (Continued)

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

\$6,833 reported as deferred outflows of resources related to pensions resulting from the Town's contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ (15,022)
2023	(14,404)
2024	(8,451)
2025	4,126
2026	-
Thereafter	-

Pension Plan Data

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

Note 9—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

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

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

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$1,284 and \$1,035 for the years ended June 30, 2021 and June 30, 2020, respectively.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

At June 30, 2021, the entity reported a liability of \$16,855 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00101% as compared to 0.00101% at June 30, 2019.

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$3,184. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,081	\$ 151
Net difference between projected and actual earnings on GLI OPEB plan investments	506	-
Change in assumptions	843	352
Changes in proportion	9,340	-
Employer contributions subsequent to the measurement date	<u>1,284</u>	<u>-</u>
Total	<u>\$ 13,054</u>	<u>\$ 503</u>

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9-Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

\$1,284 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 2,795
2023	2,938
2024	3,069
2025	2,037
2026	418
Thereafter	10

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
GLI Net OPEB Liability (Asset)	\$	<hr/> <hr/> 1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

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TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 9 - Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 22,157	\$ 16,855	\$ 12,549

GLI Plan Fiduciary Net Position

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

Note 10-LODA (OPEB):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2021 was \$731.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11 - Capital Assets:

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 45,378	\$ -	\$ -	\$ 45,378
Total capital assets not being depreciated	\$ 45,378	\$ -	\$ -	\$ 45,378
Capital assets, being depreciated:				
Buildings	\$ 370,359	\$ -	\$ -	\$ 370,359
Machinery and equipment	267,896	-	-	267,896
Vehicles	469,071	-	-	469,071
Improvements other than buildings	315,471	-	-	315,471
Total capital assets being depreciated	\$ 1,422,797	\$ -	\$ -	\$ 1,422,797
Accumulated depreciation:				
Buildings	\$ (204,330)	\$ (11,133)	\$ -	\$ (215,463)
Machinery and equipment	(258,094)	(3,230)	-	(261,324)
Vehicles	(436,251)	(7,540)	-	(443,791)
Improvements other than buildings	(159,727)	(18,981)	-	(178,708)
Total accumulated depreciation	\$ (1,058,402)	\$ (40,884)	\$ -	\$ (1,099,286)
Total capital assets being depreciated, net	\$ 364,395	\$ (40,884)	\$ -	\$ 323,511
Governmental activities capital assets, net	\$ 409,773	\$ (40,884)	\$ -	\$ 368,889

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities:

General government administration	\$ 4,313
Public safety	9,377
Public works	25,677
Parks, recreation, and cultural	1,517
Total depreciation expense-governmental activities	\$ 40,884

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 11 - Capital Assets: (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 39,679	\$ -	\$ -	\$ 39,679
Total capital assets not being depreciated	\$ 39,679	\$ -	\$ -	\$ 39,679
Capital assets, being depreciated:				
Water System	\$ 1,114,182	\$ -	\$ -	\$ 1,114,182
Sewer System	6,200,741	-	-	6,200,741
Vehicles	106,207	-	-	106,207
Equipment	168,758	6,040	-	174,798
Total capital assets being depreciated	\$ 7,589,888	\$ 6,040	\$ -	\$ 7,595,928
Accumulated depreciation:				
Water System	\$ (1,082,808)	\$ (2,182)	\$ -	\$ (1,084,990)
Sewer System	(2,192,752)	(173,880)	-	(2,366,632)
Vehicles	(95,016)	(2,053)	-	(97,069)
Equipment	(82,187)	(15,560)	-	(97,747)
Total accumulated depreciation	\$ (3,452,763)	\$ (193,675)	\$ -	\$ (3,646,438)
Total capital assets being depreciated, net	\$ 4,137,125	\$ (187,635)	\$ -	\$ 3,949,490
Business-type activities capital assets, net	\$ 4,176,804	\$ (187,635)	\$ -	\$ 3,989,169

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities:

Water and Sewer \$ 193,675

Note 12 - Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town participates with other localities in a public entity risk pool for their coverage of general liability, property, crime, machinery and auto insurance with the Virginia Municipal Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay and discharge any liability. The Town pays the Virginia Municipal Group contributions and assessments which are deposited into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of a loss, deficit, or depletion of all available resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The Town continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 13 - Commitments and Contingencies:

Riverview Commons, Inc.

On July 17, 2013, the Town agreed to help Riverview Commons, Inc. build an assisted living facility in Town by obtaining and processing a federal community development block grant (CDBG). The Town helped Riverview Commons, Inc. obtain a contract for construction in the amount of \$1,552,000. The Town will only participate in processing the first \$700,000 of the contract because the Town was awarded the CDBG grant. After the exhaustion of the \$700,000 CDBG grant, Riverview Commons, Inc. will be responsible for paying the remaining costs.

As part of the agreement, the Town certified Riverview Commons, Inc. will continue to operate an assisted living facility in the building for at least 20 years. If the assisted living facility does not continue operations for 20 years the \$700,000 grant is to be returned to the federal government pro-rata. This certification was accomplished through a deed of trust which also provided the Town first lien on the building in case of default.

Note 14 - Litigation:

As of June 30, 2021, there were no matters of litigation involving the Town which would materially affect the Town's financial position should a court decision on pending matters not be favorable.

Note 15 - Adoption of Accounting Principles:

The Town implemented provisions of Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position by reporting the previous amount of \$3,772 held for Library as beginning net position in the custodial funds.

Note 16 - Upcoming Pronouncements:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 16 - Upcoming Pronouncements: (continued)

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2021

Note 17 - COVID-19 Pandemic:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

ARPA Funding:

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

On June 30, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$384,400 from the initial allocation are reported as unearned revenue as of June 30.

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Required Supplementary Information

Town of Rich Creek, Virginia
General Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
General property taxes	\$ 133,510	\$ 133,510	\$ 141,553	\$ 8,043
Other local taxes	237,037	237,037	251,290	14,253
Fines and forfeitures	5,000	5,000	9,582	4,582
Revenue from the use of money and property	8,000	8,000	(746)	(8,746)
Charges for services	8,500	8,500	9,000	500
Miscellaneous	9,100	9,100	6,998	(2,102)
Intergovernmental:				
Commonwealth	46,946	46,946	51,993	5,047
Federal	280,000	280,000	288,040	8,040
Total revenues	<u>\$ 728,093</u>	<u>\$ 728,093</u>	<u>\$ 757,710</u>	<u>\$ 29,617</u>
EXPENDITURES				
Current:				
General government administration	\$ 262,295	\$ 262,295	\$ 247,921	\$ 14,374
Public safety	124,644	124,644	144,402	(19,758)
Public works	55,779	55,779	42,486	13,293
Parks, recreation, and cultural	11,549	11,549	28,026	(16,477)
Capital projects	425,000	425,000	427,624	(2,624)
Total expenditures	<u>\$ 879,267</u>	<u>\$ 879,267</u>	<u>\$ 890,459</u>	<u>\$ (11,192)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (151,174)</u>	<u>\$ (151,174)</u>	<u>\$ (132,749)</u>	<u>\$ 18,425</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>\$ 76,174</u>	<u>\$ 76,174</u>	<u>\$ -</u>	<u>\$ (76,174)</u>
Net change in fund balance	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	<u>\$ (132,749)</u>	<u>\$ (57,749)</u>
Fund balance - beginning	<u>75,000</u>	<u>75,000</u>	<u>50,756</u>	<u>(24,244)</u>
Fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (81,993)</u></u>	<u><u>\$ (81,993)</u></u>

Town of Rich Creek, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Pension Plan
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 21,882	\$ 22,604	\$ 23,926	\$ 24,105	\$ 26,799	\$ 30,653	\$ 24,766
Interest	27,179	27,720	25,232	19,562	19,818	16,029	13,545
Differences between expected and actual experience	(43,195)	(46,483)	(4,422)	52,312	(30,979)	23,267	-
Changes in assumptions	-	12,854	-	(5,064)	-	-	-
Benefit payments	(10,191)	(9,892)	(8,491)	(11,356)	(27,226)	(4,402)	(1,261)
Net change in total pension liability	\$ (4,325)	\$ 6,803	\$ 36,245	\$ 79,559	\$ (11,588)	\$ 65,547	\$ 37,050
Total pension liability - beginning	407,747	400,944	364,699	285,140	296,728	231,181	194,131
Total pension liability - ending (a)	<u>\$ 403,422</u>	<u>\$ 407,747</u>	<u>\$ 400,944</u>	<u>\$ 364,699</u>	<u>\$ 285,140</u>	<u>\$ 296,728</u>	<u>\$ 231,181</u>
Plan fiduciary net position							
Contributions - employer	\$ 16,039	\$ 15,704	\$ 15,546	\$ 15,435	\$ 17,967	\$ 18,899	\$ 25,647
Contributions - employee	9,535	9,316	9,337	9,245	9,619	10,125	10,403
Net investment income	9,213	29,680	28,926	41,312	5,995	13,842	36,655
Benefit payments	(10,191)	(9,892)	(8,491)	(11,356)	(27,226)	(4,402)	(1,261)
Administrator charges	(291)	(268)	(231)	(221)	(192)	(162)	(166)
Other	(11)	(19)	(27)	(38)	(2)	(1)	2
Net change in plan fiduciary net position	\$ 24,294	\$ 44,521	\$ 45,060	\$ 54,377	\$ 6,161	\$ 38,301	\$ 71,280
Plan fiduciary net position - beginning	474,413	429,892	384,832	330,455	324,294	285,993	214,713
Plan fiduciary net position - ending (b)	<u>\$ 498,707</u>	<u>\$ 474,413</u>	<u>\$ 429,892</u>	<u>\$ 384,832</u>	<u>\$ 330,455</u>	<u>\$ 324,294</u>	<u>\$ 285,993</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ (95,285)	\$ (66,666)	\$ (28,948)	\$ (20,133)	\$ (45,315)	\$ (27,566)	\$ (54,812)
Plan fiduciary net position as a percentage of the total pension liability	123.62%	116.35%	107.22%	105.52%	115.89%	109.29%	123.71%
Covered payroll	\$ 199,039	\$ 197,185	\$ 191,540	\$ 189,218	\$ 199,338	\$ 206,457	\$ 209,387
Town's net pension liability (asset) as a percentage of covered payroll	-47.87%	-33.81%	-15.11%	-10.64%	-22.73%	-13.35%	-26.18%

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

Town of Rich Creek, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 6,833	\$ 6,833	\$ -	\$ 237,765	2.87%
2020	16,039	16,039	-	199,039	8.06%
2019	15,696	15,696	-	197,185	7.96%
2018	15,546	15,546	-	191,540	8.12%
2017	15,435	15,435	-	189,218	8.16%
2016	18,122	17,967	-	199,338	9.01%
2015	18,899	18,899	-	206,457	9.15%
2014	25,713	25,647	-	209,387	12.25%
2013	20,964	20,964	-	189,377	11.07%
2012	15,798	15,798	-	190,337	8.30%

Town of Rich Creek, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2021

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Town of Rich Creek, Virginia
Schedule of Town's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2018 through June 30, 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2020	0.00101% \$	16,855 \$	199,039	8.47%	52.64%
2019	0.00101%	16,435	197,185	8.33%	52.00%
2018	0.00067%	10,000	126,859	7.88%	51.22%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Town of Rich Creek, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2018 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2021	\$ 1,284	\$ 1,284	\$ -	\$ 237,765	0.54%
2020	1,035	1,035	-	199,039	0.52%
2019	1,025	1,025	-	197,185	0.52%
2018	660	660	-	126,859	0.52%

Schedule is intended to show 10 years and will be added as available but fiscal year 2018 was the initial year for the Town to participate in the VRS Group Life Insurance Program.

Town of Rich Creek, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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Other Supplementary Information

Town of Rich Creek, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds		Total
	Library	Cemetery	
ASSETS			
Cash and cash equivalents	\$ 3,837	\$ 31,086	\$ 34,923
Total assets	<u>\$ 3,837</u>	<u>\$ 31,086</u>	<u>\$ 34,923</u>
NET POSITION			
Restricted for:			
Library operations	\$ 3,837	\$ -	\$ 3,837
Cemetery operations	-	31,086	31,086
Total net position	<u>\$ 3,837</u>	<u>\$ 31,086</u>	<u>\$ 34,923</u>

Town of Rich Creek, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	Custodial Funds		Total
	Library	Cemetery	
ADDITIONS			
Contributions:			
Book sales	\$ 65	\$ -	\$ 65
Private donations	-	5,776	5,776
Total contributions	\$ 65	\$ 5,776	\$ 5,841
Total additions	\$ 65	\$ 5,776	\$ 5,841
 Net increase (decrease) in fiduciary net position	\$ 65	\$ 5,776	\$ 5,841
 Net position - beginning, as restated	3,772	25,310	29,082
Net position - ending	\$ 3,837	\$ 31,086	\$ 34,923

Town of Rich Creek, Virginia
Schedule of Revenues - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
All property taxes	\$ 133,510	\$ 133,510	\$ 141,553	\$ 8,043
Other local taxes:				
Local sales and use tax	\$ 30,000	\$ 30,000	\$ 43,075	\$ 13,075
Consumers' utility tax	15,600	15,600	16,218	618
Consumption taxes	3,200	3,200	3,366	166
Business license tax	60,000	60,000	63,011	3,011
Motor vehicle licenses	10,000	10,000	11,200	1,200
Bank stock tax	17,237	17,237	14,189	(3,048)
Hotel and motel room tax	2,000	2,000	3,704	1,704
Restaurant food taxes	65,000	65,000	66,377	1,377
Cigarette tax	34,000	34,000	30,150	(3,850)
Total other local taxes	\$ 237,037	\$ 237,037	\$ 251,290	\$ 14,253
Fines and forfeitures:				
Court fines and forfeitures	\$ 5,000	\$ 5,000	\$ 9,582	\$ 4,582
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 44	\$ 44
Revenue from use of property	8,000	8,000	(790)	(8,790)
Total revenue from use of money and property	\$ 8,000	\$ 8,000	\$ (746)	\$ (8,746)
Charges for services:				
Charges for parks and recreation	\$ 8,500	\$ 8,500	\$ 9,000	\$ 500
Miscellaneous:				
Library donations	\$ 3,600	\$ 3,600	\$ -	\$ (3,600)
Miscellaneous	5,500	5,500	6,998	1,498
Total miscellaneous	\$ 9,100	\$ 9,100	\$ 6,998	\$ (2,102)
Total revenue from local sources	\$ 401,147	\$ 401,147	\$ 417,677	\$ 16,530
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 6,500	\$ 6,500	\$ 5,875	\$ (625)
Personal property tax relief act funds	12,490	12,490	12,490	-
Total noncategorical aid	\$ 18,990	\$ 18,990	\$ 18,365	\$ (625)
Categorical aid:				
Other categorical aid:				
Local law enforcement grants	\$ 17,956	\$ 17,956	\$ 18,628	\$ 672
Fire program funds	10,000	10,000	15,000	5,000
Total other categorical aid	\$ 27,956	\$ 27,956	\$ 33,628	\$ 5,672
Total revenue from the Commonwealth	\$ 46,946	\$ 46,946	\$ 51,993	\$ 5,047

Town of Rich Creek, Virginia
Schedule of Revenues - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2021

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
TEA-21 grant	\$ 280,000	\$ 280,000	\$ 288,040	\$ 8,040
Total categorical aid	\$ 280,000	\$ 280,000	\$ 288,040	\$ 8,040
Total revenue from the federal government	\$ 280,000	\$ 280,000	\$ 288,040	\$ 8,040
Total General Fund	\$ 728,093	\$ 728,093	\$ 757,710	\$ 29,617

Town of Rich Creek, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2021

<u>Fund, Function, Sub-Function and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 10,800	\$ 10,800	\$ 10,800	\$ -
General and financial administration:				
Administrative	\$ 239,495	\$ 239,495	\$ 226,821	\$ 12,674
Audit Services	12,000	12,000	10,300	1,700
Total general and financial administration	\$ 251,495	\$ 251,495	\$ 237,121	\$ 14,374
Total general government administration	\$ 262,295	\$ 262,295	\$ 247,921	\$ 14,374
Public safety:				
Law enforcement and traffic control:				
Police Department	\$ 85,221	\$ 85,221	\$ 84,845	\$ 376
Fire and rescue services:				
Volunteer Fire Department	\$ 39,423	\$ 39,423	\$ 59,557	\$ (20,134)
Total public safety	\$ 124,644	\$ 124,644	\$ 144,402	\$ (19,758)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street Maintenance	\$ 30,965	\$ 30,965	\$ 26,935	\$ 4,030
Maintenance of general buildings and grounds:				
Municipal Building	\$ 24,814	\$ 24,814	\$ 15,551	\$ 9,263
Total public works	\$ 55,779	\$ 55,779	\$ 42,486	\$ 13,293
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and Recreation	\$ 11,549	\$ 11,549	\$ 28,026	\$ (16,477)
Capital projects/capital outlays:				
Administrative building improvements	\$ 75,000	\$ 75,000	\$ 30,073	\$ 44,927
Crossover lane	-	-	37,500	(37,500)
Sidewalk projects	350,000	350,000	360,051	(10,051)
Total capital projects	\$ 425,000	\$ 425,000	\$ 427,624	\$ (2,624)
Total General Fund	\$ 879,267	\$ 879,267	\$ 890,459	\$ (11,192)

Town of Rich Creek, Virginia
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Total Water and Sewer</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 237,095	\$ -	\$ 237,095
Sewer revenues	-	270,105	270,105
Water and sewer connection fees	8,123	-	8,123
Miscellaneous revenue	868	-	868
Total operating revenues	<u>\$ 246,086</u>	<u>\$ 270,105</u>	<u>\$ 516,191</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 54,229	\$ 31,738	\$ 85,967
Utilities	849	7,805	8,654
Purchase of water	108,750	-	108,750
Supplies, maintenance and repairs	20,597	29,314	49,911
Office expense	1,684	175	1,859
Insurance	799	1,938	2,737
Miscellaneous	2,168	-	2,168
Depreciation	11,816	181,859	193,675
Total operating expenses	<u>\$ 200,892</u>	<u>\$ 252,829</u>	<u>\$ 453,721</u>
Operating income (loss)	<u>\$ 45,194</u>	<u>\$ 17,276</u>	<u>\$ 62,470</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ -	\$ (41,569)	\$ (41,569)
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ (41,569)</u>	<u>\$ (41,569)</u>
Income (loss) before transfers and capital contributions	\$ 45,194	\$ (24,293)	\$ 20,901
Capital contributions	-	26,981	26,981
Transfers out	-	(89,015)	(89,015)
Change in net position	<u>\$ 45,194</u>	<u>\$ (86,327)</u>	<u>\$ (41,133)</u>

Other Statistical Information

Table 1

Town of Rich Creek, Virginia
Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General		Parks, Recreation, and Cultural				Community Development		Interest on Long- Term Debt		Water and Sewer		Total
	Government Administration	Public Safety	Public Works	Recreation, and Cultural	Community Development	on Long- Term Debt	Water and Sewer	Total					
2011-12	\$ 184,710	\$ 121,621	\$ 505,189	\$ 12,509	\$ -	\$ 604	\$ 529,760	\$ 1,354,393					
2012-13	158,914	142,943	205,869	18,056	-	257	500,473	1,026,512					
2013-14	182,621	151,836	125,987	7,420	175,951	21	717,019	1,360,855					
2014-15	194,671	148,726	893,983	14,153	519,773	-	702,792	2,474,098					
2015-16	248,413	122,000	146,790	15,208	-	-	735,501	1,267,912					
2016-17	278,281	113,607	88,385	23,185	-	-	640,630	1,144,088					
2017-18	214,210	97,904	147,574	8,701	2,000	-	677,302	1,147,691					
2018-19	226,068	102,908	105,122	14,822	11,020	-	592,656	1,052,596					
2019-20	234,439	123,629	581,502	14,728	8,980	-	550,360	1,513,638					
2020-21	248,094	152,975	495,787	29,543	-	-	585,644	1,512,043					

Table 2

Town of Rich Creek, Virginia
Government-wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES				GENERAL REVENUES					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		General Property Taxes	Other Local Taxes	Unrestricted Revenues from Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs	Total
2011-12	\$ 467,625	\$ 28,220	\$ 2,169,286	\$	\$ 112,771	\$ 182,835	\$ 12,255	\$ 15,060	\$ 19,783	\$ 3,007,835
2012-13	470,175	31,999	1,709,992		127,399	184,796	11,012	7,645	20,553	2,563,571
2013-14	467,014	48,467	330,687		120,881	188,140	7,262	34,634	20,355	1,217,440
2014-15	492,273	39,216	1,207,155		124,987	235,737	8,489	22,859	20,344	2,151,060
2015-16	471,968	39,215	305,791		128,937	246,511	7,764	10,463	20,081	1,230,730
2016-17	444,449	50,229	16,993		135,730	240,179	9,854	6,161	19,895	923,490
2017-18	519,089	47,052	42,772		127,069	256,759	11,247	34,777	22,017	1,060,782
2018-19	525,841	40,954	38,331		140,038	253,004	13,355	9,171	19,160	1,039,854
2019-20	553,441	61,944	398,487		142,595	252,460	7,402	12,787	18,954	1,448,070
2020-21	534,773	47,250	315,021		142,020	251,290	(746)	6,998	18,365	1,314,971

Table 3

Town of Rich Creek, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General and Financial		Public		Parks, Recreation, and Cultural		Community Development		Debt Service		Total
	\$		Safety	Works	and Cultural		Development				
2011-12	\$	209,417	\$ 114,230	\$ 648,161	\$ 17,260	\$	-	\$	9,243	\$	998,311
2012-13		148,647	97,123	193,569	15,350		-		5,823		460,512
2013-14		178,115	105,732	114,987	4,714		175,951		2,016		581,515
2014-15		189,573	105,279	1,016,556	11,447		519,773		-		1,842,628
2015-16		242,020	94,058	128,073	12,502		-		-		476,653
2016-17		271,834	111,899	70,062	21,155		-		-		474,950
2017-18		209,562	98,124	128,906	8,701		2,000		-		447,293
2018-19		236,131	144,483	76,449	14,063		11,020		-		482,146
2019-20		233,496	114,665	80,476	13,211		8,980		-		450,828
2020-21		247,921	144,402	42,486	28,026		-		-		462,835

(1) Excludes capital projects

Table 4

Town of Rich Creek, Virginia
General Governmental Revenues by Source
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Fines and Forfeitures	Revenue from the					Total
				Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter- governmental	
2011-12	\$ 117,579	\$ 182,835	\$ 11,805	\$ 10,595	\$ 8,159	\$ 15,060	\$ 7,371	\$ 565,251	\$ 918,655
2012-13	124,322	184,796	6,819	9,601	18,242	7,645	-	132,069	483,494
2013-14	123,365	188,140	14,674	6,389	10,377	34,634	-	242,880	620,459
2014-15	120,994	235,737	8,770	7,914	10,412	22,859	-	1,252,837	1,659,523
2015-16	129,884	246,511	6,520	7,588	10,042	10,463	-	145,098	556,106
2016-17	131,390	240,179	6,649	9,854	10,672	6,161	-	77,336	482,241
2017-18	133,326	256,759	4,556	11,247	10,020	34,777	-	91,575	542,260
2018-19	142,958	253,004	5,829	13,355	19,842	9,171	-	87,000	531,159
2019-20	145,003	252,460	5,612	7,402	11,992	12,787	-	466,152	901,408
2020-21	141,553	251,290	9,582	(746)	9,000	6,998	-	340,033	757,710

Table 5

Town of Rich Creek, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2011-12	\$ 126,359	\$ 124,088	98.20%	\$ 5,981	\$ 130,069	102.94%	\$ 16,440	13.01%
2012-13	133,622	130,355	97.56%	6,457	136,812	102.39%	15,893	11.89%
2013-14	134,269	129,269	96.28%	6,586	135,855	101.18%	12,701	9.46%
2014-15	131,848	129,364	98.12%	4,120	133,484	101.24%	13,301	10.09%
2015-16	138,801	135,208	97.41%	7,166	142,374	102.57%	17,945	12.93%
2016-17	142,219	133,405	93.80%	10,475	143,880	101.17%	18,482	13.00%
2017-18	144,012	135,998	94.44%	9,818	145,816	101.25%	22,842	15.86%
2018-19	147,247	142,526	96.79%	12,922	155,448	105.57%	15,796	10.73%
2019-20	153,380	146,220	95.33%	11,273	157,493	102.68%	10,488	6.84%
2020-21	154,352	149,399	96.79%	4,644	154,043	99.80%	10,009	6.48%

(1) Exclusive of penalties and interest. Includes amounts remitted under the State's personal property tax relief program.

(2) Includes personal property tax relief paid by the Commonwealth of Virginia.

Table 6

Town of Rich Creek, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1),(3)	Personal Property and Mobile Homes (1)	Machinery and Tools (1)	Public Utility (2) Real Estate	Total
2011-12	\$ 35,860,500	\$ 6,089,690	\$ 4,002,095	\$ 1,357,510	\$ 47,309,795
2012-13	36,503,200	6,370,177	5,803,775	1,304,009	49,981,161
2013-14	36,696,200	6,365,416	5,836,475	1,214,420	50,112,511
2014-15	36,996,000	6,382,873	6,050,273	1,288,500	50,717,646
2015-16	40,024,200	6,583,024	5,923,871	1,300,849	53,831,944
2016-17	40,199,400	6,527,343	3,108,396	1,294,878	51,130,017
2017-18	40,248,900	6,660,248	3,136,727	1,301,259	51,347,134
2018-19	40,303,000	7,126,221	3,176,918	1,282,432	51,888,571
2019-20	40,303,800	7,620,413	3,672,872	1,282,486	52,879,571
2020-21	40,155,600	7,761,967	3,754,414	1,293,407	52,965,388

(1) Assessments are at 100% of fair market value.

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

(3) Starting in fiscal year 2011-12, tax relief for veterans is included in the real estate assessed value.

Table 7

**Town of Rich Creek, Virginia
Property Tax Rates (1)
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2011-12	\$ 0.20	\$ 0.20	\$ 0.63	\$ 0.31
2012-13	0.20	0.20	0.63	0.31
2013-14	0.20	0.20	0.63	0.31
2014-15	0.20	0.20	0.63	0.31
2015-16	0.20	0.20	0.63	0.31
2016-17	0.20	0.20	0.63	0.63
2017-18	0.20	0.20	0.63	0.63
2018-19	0.20	0.20	0.63	0.63
2019-20	0.20	0.20	0.63	0.63
2020-21	0.20	0.20	0.63	0.63

(1) Per \$100 of assessed value.

Table 8

Town of Rich Creek, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2011-12	768	\$ 47,310	\$ 2,461,419	5.20%	\$ 3,205
2012-13	760	49,981	2,441,642	4.89%	3,213
2013-14	763	50,113	2,401,113	4.79%	3,147
2014-15	752	50,718	2,350,842	4.64%	3,126
2015-16	752	53,832	1,817,709	3.38%	2,417
2016-17	752	51,130	1,785,057	3.49%	2,374
2017-18	752	51,347	1,751,579	3.41%	2,329
2018-19	752	51,889	1,717,254	3.31%	2,284
2019-20	752	52,880	1,682,062	3.18%	2,237
2020-21	752	52,965	1,645,979	3.11%	2,189

(1) Weldon Cooper Center for Public Service at the University of Virginia.

(2) Real property assessed at 100% of fair market value.

Table 9

Town of Rich Creek, Virginia
Computation of Legal Debt Margin
June 30, 2021

Assessed valuations:	
Assessed value of real estate	<u>\$ 40,155,600</u>
Legal debt margin	
Debt limitation - 10 percent of total assessed value	\$ 4,015,560
Total debt applicable to limitation	<u>(1,645,979)</u>
Legal debt margin	<u>\$ 2,369,581</u>

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COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

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

**To the Members of the Town Council
Town of Rich Creek, Virginia
Rich Creek, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rich Creek, Virginia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Rich Creek, Virginia's basic financial statements and have issued our report thereon dated November 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Rich Creek, 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 the Town of Rich Creek, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Rich Creek, Virginia's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as items 2021-001 and 2021-002, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rich Creek, 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*.

Town of Rich Creek, Virginia's Response to Findings

Town of Rich Creek, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Rich Creek, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Blacksburg, Virginia
November 8, 2021

Town of Rich Creek, Virginia
Schedule of Findings and Responses
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

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

Section II - Financial Statement Findings

2021-001

Criteria:	Identification of a material adjustment to the financial statements that was not detected by the entity's internal controls indicates that a material weakness may exist.
Condition:	The Town's financial statements required material adjustments by the auditors to ensure such statements complied with Generally Accepted Accounting Principles.
Cause of Condition:	The Town has historically relied on the auditors for assistance in preparing the financial statements and related adjustments.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	Management should work towards making all necessary entries and adjustments.
Management's Response:	The Town Treasurer will continue to work with the auditors to learn how to make the necessary entries to be able to provide an adjusted trial balance at the time of the audit.

2021-002

Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The Town does not have a proper segregation of duties over the payroll, accounts payable and billing and collection functions.
Cause of Condition:	The Town lacks the funding to fully support a completely segregated finance department.
Effect of Condition:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	Management should further try to segregate duties amongst current staff to help alleviate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal controls over the billing and collection function as well as the accounts payable and payroll functions lack proper segregation of duties; however, to alleviate same would require additional staff.

Section III - Status of Prior Audit Findings and Responses

Finding 2020-001 and Finding 2020-002 still exist in the current year as 2021-001 and 2021-002, respectively.

