



Financial Report

YEAR ENDED JUNE 30, 2023

TOWN OF CHINCOTEAGUE, VIRGINIA

- TOWN COUNCIL -

John Arthur Leonard, Mayor

Denise P. Bowden
Christopher D. Bott
William T. McComb

Ellen W. Richardson
Gene Wayne Taylor
Jay Savage

- OTHER TOWN OFFICIALS -

Town Manager..... Mike Tolbert
Director of Public Works James W. Parks
Chief of Police Tyler Greenley
Town Attorney William W. Fox, II

TOWN OF CHINCOTEAGUE, VIRGINIA

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

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TOWN OF CHINCOTEAGUE, VIRGINIA

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Chincoteague, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Chincoteague, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 1 to the financial statements, in 2023, the Town adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Chincoteague, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Chincoteague, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2026, on our consideration of Town of Chincoteague, 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 Chincoteague, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Chincoteague, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 9, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Chincoteague, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$23,406,351 (net position). Of this amount \$9,689,353 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year; the Town's governmental funds reported combined ending fund balances of \$9,494,322, an increase of \$1,683,804 in comparison with the prior year. Approximately seventy five percent of this total amount, \$7,107,743 is available for spending at the Town's discretion (unassigned fund balance).
- The Town's total debt decreased by \$374,939 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

The Town maintains one major governmental fund - the General Fund and several nonmajor funds.

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

Proprietary funds - The Town maintains two proprietary funds - the Curtis Merritt Harbor Fund and the Water Fund. Proprietary funds use the accrual basis of accounting, similar to the private sector business.

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

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison and pension and OPEB funding schedules as well as other supplementary information for combining financial statements and supporting schedules.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,406,350 at the close of the most recent fiscal year.

Town of Chincoteague, Virginia's Net Position June 30, 2023 and 2022

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 12,526,784	\$ 9,593,644	\$ 1,900,559	\$ 1,714,029	\$ 14,427,343	\$ 11,307,673
Capital assets	9,333,424	8,816,142	5,014,010	4,981,844	14,347,434	13,797,986
Total assets	\$ 21,860,208	\$ 18,409,786	\$ 6,914,569	\$ 6,695,873	\$ 28,774,777	\$ 25,105,659
Deferred outflows of resources	\$ 579,742	\$ 619,529	\$ 62,525	\$ 70,118	\$ 642,267	\$ 689,647
Total assets and deferred outflows of resources	\$ 22,439,950	\$ 19,029,315	\$ 6,977,094	\$ 6,765,991	\$ 29,417,044	\$ 25,795,306
Current liabilities	\$ 3,035,533	\$ 1,611,943	\$ 159,584	\$ 152,118	\$ 3,195,117	\$ 1,764,061
Long-term liabilities outstanding	1,899,644	1,298,983	528,224	570,374	2,427,868	1,869,357
Total liabilities	\$ 4,935,177	\$ 2,910,926	\$ 687,808	\$ 722,492	\$ 5,622,985	\$ 3,633,418
Deferred inflows of resources	\$ 348,629	\$ 1,049,669	\$ 39,079	\$ 131,493	\$ 387,708	\$ 1,181,162
Net investment in capital assets	\$ 9,238,667	\$ 8,676,221	\$ 4,478,331	\$ 4,355,186	\$ 13,716,998	\$ 13,031,407
Unrestricted	7,917,477	6,392,499	1,771,876	1,556,820	9,689,353	7,949,319
Total net position	\$ 17,156,144	\$ 15,068,720	\$ 6,250,207	\$ 5,912,006	\$ 23,406,351	\$ 20,980,726
Total liabilities, deferred inflows of resources and net position	\$ 22,439,950	\$ 19,029,315	\$ 6,977,094	\$ 6,765,991	\$ 29,417,044	\$ 25,795,306

A large part of the Town's net position, \$13,716,998 (59%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$2,177,198 while business-type activities increased net position by \$338,201. Key elements of these changes are as follows:

Town of Chincoteague, Virginia's Changes in Net Position For the Years Ended June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 572,015	\$ 490,236	\$ 1,755,729	\$ 1,690,295	\$ 2,327,744	\$ 2,180,531
Operating grants and contributions	1,130,497	1,058,720	-	-	1,130,497	1,058,720
Capital grants and contributions	-	-	234,242	90,371	234,242	90,371
General revenues:						
General property taxes	1,005,377	956,994	-	-	1,005,377	956,994
Other local taxes	4,668,171	4,359,866	-	-	4,668,171	4,359,866
Grants and contributions not restricted to specific programs	224,907	228,926	-	-	224,907	228,926
Other general revenues	759,008	386,704	29,219	1,799	788,227	388,503
Total revenues	\$ 8,359,975	\$ 7,481,446	\$ 2,019,190	\$ 1,782,465	\$ 10,379,165	\$ 9,263,911
Expenses:						
General government administration	\$ 1,002,367	\$ 1,380,455	\$ -	\$ -	\$ 1,002,367	\$ 1,380,455
Public safety	2,581,139	2,130,735	-	-	2,581,139	2,130,735
Public works	2,076,244	2,044,076	-	-	2,076,244	2,044,076
Health	171,852	107,718	-	-	171,852	107,718
Parks, recreation, and cultural	150,053	124,780	-	-	150,053	124,780
Community development	118,865	135,748	-	-	118,865	135,748
Interest and other fiscal charges	4,547	5,969	-	-	4,547	5,969
Water	-	-	1,062,352	1,037,073	1,062,352	1,037,073
Curtis Merritt Harbor	-	-	696,347	755,289	696,347	755,289
Total expenses	\$ 6,105,067	\$ 5,929,481	\$ 1,758,699	\$ 1,792,362	\$ 7,863,766	\$ 7,721,843
Increase in net position before transfers	\$ 2,254,908	\$ 1,551,965	\$ 260,491	\$ (9,897)	\$ 2,515,399	\$ 1,542,068
Transfers	(77,710)	(42,124)	77,710	42,124	-	-
Increase (decrease) in net position	\$ 2,177,198	\$ 1,509,841	\$ 338,201	\$ 32,227	\$ 2,515,399	\$ 1,542,068
Net position, July 1	14,978,946	13,558,879	5,912,006	5,879,779	20,890,952	19,438,658
Net position, June 30	\$ 17,156,144	\$ 15,068,720	\$ 6,250,207	\$ 5,912,006	\$ 23,406,351	\$ 20,980,726

Financial Analysis of the Town's Funds

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

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

Financial Analysis of the Town's Funds: (Continued)

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,494,322, an increase of \$1,683,804 in comparison with the prior year. A large part of this total amount, \$7,107,743 constitutes unassigned fund balance, which is available for spending at the Town's discretion.

The general fund is the primary operating fund of the Town. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance was \$7,107,743 at year end.

General Fund Budgetary Highlights

The Town's General Fund had \$7,935,195 in revenues during the year, which was \$1,061,050 more than budgeted (reference Exhibit 10). The Town's General Fund expended \$6,258,089 during the year, which was \$360,235 less than budgeted (reference Exhibit 10).

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental activities as of June 30, 2023 totaled \$9,333,424 (net of accumulated depreciation). This investment in capital assets included land, buildings and improvements, infrastructure and machinery and equipment. The Town's investment in governmental capital assets for the current fiscal year compared to the prior year total of \$8,816,142 shows a increase of \$517,282. This increase is due primarily to current year depreciation and the addition of capital assets from the dissolution of the Chincoteague Recreation and Convention Center Authority. The Water Fund and Curtis Merritt Harbor Fund's capital assets increased from \$4,981,844 to \$5,014,010.

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

Debt

During the year the Town's debt decreased \$374,939 as it repaid principal on general obligation debt in the General and Water Funds. Annual requirements to amortize all long-term debt and related interest and other information related to the Town's debt can be found in the notes to the financial statements. The Town's governmental activities have VRS pension and OPEB liabilities outstanding of \$487,556 and \$1,148,781 while the business-type activities have balances outstanding of \$49,986 and \$12,699.

Additional information on the Town's long-term obligations can be found in the notes to financial statements.

Contact the Town's Financial Management

This financial report is designed to provide a general overview of the Town's finances for all of those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town of Chincoteague, 6150 Community Drive, Chincoteague, Virginia 23336.

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 11,807,599	\$ 1,674,820	\$ 13,482,419
Receivables (net of allowance for uncollectibles):			
Property taxes	56,041	-	56,041
Accounts receivable	516,797	232,045	748,842
Prepaid items	54,080	-	54,080
Internal balances	40,057	(40,057)	-
Due from other governments	52,210	-	52,210
Inventory	-	33,751	33,751
Total Current Assets	\$ 12,526,784	\$ 1,900,559	\$ 14,427,343
Noncurrent Assets			
Land	\$ 2,664,756	\$ 302,426	\$ 2,967,182
Construction in progress	616,461	579,200	1,195,661
Land improvements	1,315,717	-	1,315,717
Dock and improvements	-	1,204,978	1,204,978
Buildings and improvements	1,249,195	-	1,249,195
Infrastructure	2,583,815	1,983,927	4,567,742
Equipment	903,480	943,479	1,846,959
Total Noncurrent Assets	\$ 9,333,424	\$ 5,014,010	\$ 14,347,434
Total Assets	\$ 21,860,208	\$ 6,914,569	\$ 28,774,777
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 551,783	\$ 59,527	\$ 611,310
OPEB related items	27,959	2,998	30,957
Total Deferred Outflows of Resources	\$ 579,742	\$ 62,525	\$ 642,267
Total Assets and Deferred Outflows of Resources	\$ 22,439,950	\$ 6,977,094	\$ 29,417,044
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 34,605	\$ 5,704	\$ 40,309
Accrued payroll and related liabilities	1,276	37,550	38,826
Unearned revenue	-	21,000	21,000
Unearned revenue - grants	2,929,110	-	2,929,110
Current portion of long-term obligations	70,542	95,330	165,872
Total Current Liabilities	\$ 3,035,533	\$ 159,584	\$ 3,195,117
Noncurrent Liabilities			
Noncurrent portion of long-term obligations	\$ 1,899,644	\$ 528,224	\$ 2,427,868
Total Liabilities	\$ 4,935,177	\$ 687,808	\$ 5,622,985
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 20,585	\$ -	\$ 20,585
Pension related items	301,118	36,100	337,218
OPEB related items	26,926	2,979	29,905
Total Deferred Inflows of Resources	\$ 348,629	\$ 39,079	\$ 387,708
NET POSITION			
Net investment in capital assets	\$ 9,238,667	\$ 4,478,331	\$ 13,716,998
Unrestricted	7,917,477	1,771,876	9,689,353
Total Net Position	\$ 17,156,144	\$ 6,250,207	\$ 23,406,351
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 22,439,950	\$ 6,977,094	\$ 29,417,044

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,002,367	\$ 109,857	\$ -	\$ -
Public safety	2,581,139	35,203	244,534	-
Public works	2,076,244	410,126	856,361	-
Health	171,852	-	-	-
Parks, recreation, and cultural	150,053	15,000	-	-
Community development	118,865	1,829	29,602	-
Interest on long-term debt	4,547	-	-	-
Total governmental activities	<u>\$ 6,105,067</u>	<u>\$ 572,015</u>	<u>\$ 1,130,497</u>	<u>\$ -</u>
Business-type activities:				
Water	\$ 1,062,352	\$ 1,026,938	\$ -	\$ 37,080
Curtis Merritt Harbor	696,347	728,791	-	197,162
Total business-type activities	<u>\$ 1,758,699</u>	<u>\$ 1,755,729</u>	<u>\$ -</u>	<u>\$ 234,242</u>
Total primary government	<u>\$ 7,863,766</u>	<u>\$ 2,327,744</u>	<u>\$ 1,130,497</u>	<u>\$ 234,242</u>

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

Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business- type Activities	Total
PRIMARY GOVERNMENT:			
Governmental activities:			
General government administration	\$ (892,510)	\$ -	\$ (892,510)
Public safety	(2,301,402)	-	(2,301,402)
Public works	(809,757)	-	(809,757)
Health	(171,852)	-	(171,852)
Parks, recreation, and cultural	(135,053)	-	(135,053)
Community development	(87,434)	-	(87,434)
Interest on long-term debt	(4,547)	-	(4,547)
Total governmental activities	\$ (4,402,555)	\$ -	\$ (4,402,555)
Business-type activities:			
Water	\$ -	\$ 1,666	\$ 1,666
Curtis Merritt Harbor	-	229,606	229,606
Total business-type activities	\$ -	\$ 231,272	\$ 231,272
Total primary government	\$ (4,402,555)	\$ 231,272	\$ (4,171,283)
General revenues:			
General property taxes	\$ 1,005,377	\$ -	\$ 1,005,377
Local sales and use taxes	221,011	-	221,011
Meals taxes	1,542,822	-	1,542,822
Business license taxes	147,924	-	147,924
Occupancy tax	2,317,714	-	2,317,714
Consumer utility taxes	212,476	-	212,476
Other local taxes	226,224	-	226,224
Unrestricted revenues from use of money	251,258	28,747	280,005
Miscellaneous	507,750	472	508,222
Grants and contributions not restricted to specific programs	224,907	-	224,907
Transfers	(77,710)	77,710	-
Total general revenues and transfers	\$ 6,579,753	\$ 106,929	\$ 6,686,682
Change in net position	\$ 2,177,198	\$ 338,201	\$ 2,515,399
Net position, beginning of year	14,978,946	5,912,006	20,890,952
Net position, end of year	\$ 17,156,144	\$ 6,250,207	\$ 23,406,351

Fund Financial Statements

Balance Sheet - Governmental Funds
June 30, 2023

	General	Nonmajor Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 11,363,764	\$ 519,737	\$ 11,883,501
Receivables (net of allowances for uncollectibles):			
Taxes, including penalties	56,041	-	56,041
Accounts	516,797	-	516,797
Prepaid items	37,200	16,880	54,080
Due from other governmental units	48,781	3,429	52,210
Due from harbor fund	169,893	-	169,893
Due from water fund	144,399	-	144,399
Due from convention center fund	235,000	-	235,000
Total assets	<u>\$ 12,571,875</u>	<u>\$ 540,046</u>	<u>\$ 13,111,921</u>
LIABILITIES			
Accounts payable	\$ 34,605	\$ -	\$ 34,605
Reconciled overdraft	-	75,902	75,902
Accrued liabilities	1,276	-	1,276
Unearned revenue - grants	2,929,110	-	2,929,110
Due to general fund	-	235,000	235,000
Due to harbor fund	81,735	-	81,735
Due to water fund	192,500	-	192,500
Total liabilities	<u>\$ 3,239,226</u>	<u>\$ 310,902</u>	<u>\$ 3,550,128</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	\$ 67,471	\$ -	\$ 67,471
Total deferred inflows of resources	<u>\$ 67,471</u>	<u>\$ -</u>	<u>\$ 67,471</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 37,200	\$ 16,880	\$ 54,080
Committed:			
Convention Center	\$ -	\$ 151,647	\$ 151,647
Trolley	-	60,617	60,617
Total committed fund balance	<u>\$ -</u>	<u>\$ 212,264</u>	<u>\$ 212,264</u>
Assigned:			
Drainage	\$ 243,235	-	\$ 243,235
Boat ramp repairs	329,235	-	329,235
Land acquisition	193,600	-	193,600
Playground equipment	200,001	-	200,001
Beach - various	954,482	-	954,482
Beach Access	22,000	-	22,000
Retirees	38,127	-	38,127
Mosquito control	139,555	-	139,555
Total assigned fund balance	<u>\$ 2,120,235</u>	<u>\$ -</u>	<u>\$ 2,120,235</u>
Unassigned	\$ 7,107,743	\$ -	\$ 7,107,743
Total fund balances	<u>\$ 9,265,178</u>	<u>\$ 229,144</u>	<u>\$ 9,494,322</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,571,875</u>	<u>\$ 540,046</u>	<u>\$ 13,111,921</u>

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

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2023

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

Total fund balances for governmental funds (Exhibit 3)	\$	9,494,322	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land	\$	2,664,756	
Construction in progress		616,461	
Land improvements		1,315,717	
Buildings and improvements		1,249,195	
Infrastructure		2,583,815	
Equipment		<u>903,480</u>	9,333,424
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Unavailable revenue - property taxes	\$	<u>46,886</u>	46,886
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items	\$	551,783	
OPEB related items		<u>27,959</u>	579,742
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Net pension liability	\$	(487,556)	
Net OPEB liabilities		(1,148,781)	
Compensated absences		(239,092)	
Note payable		<u>(94,757)</u>	(1,970,186)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(301,118)	
OPEB related items		<u>(26,926)</u>	<u>(328,044)</u>
Total net position of governmental activities	\$		<u><u>17,156,144</u></u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year Ended June 30, 2023

	General	Nonmajor Governmental Funds	Total
Revenues:			
General property taxes	\$ 988,058	\$ -	\$ 988,058
Other local taxes	4,604,026	64,145	4,668,171
Permits, privilege fees and regulatory licenses	53,224	-	53,224
Fines and forfeitures	22,464	-	22,464
Revenue from use of money and property	289,151	33,740	322,891
Charges for services	422,865	1,829	424,694
Miscellaneous	225,105	282,645	507,750
Intergovernmental:			
Commonwealth	1,204,284	-	1,204,284
Federal	126,018	25,102	151,120
Total revenues	<u>\$ 7,935,195</u>	<u>\$ 407,461</u>	<u>\$ 8,342,656</u>
Expenditures:			
Current:			
General government administration	\$ 1,416,422	\$ -	\$ 1,416,422
Public safety	2,499,764	-	2,499,764
Public works	2,034,399	-	2,034,399
Health	171,852	-	171,852
Parks, recreation, and cultural	63,962	103,883	167,845
Community development	-	219,170	219,170
Capital outlay	21,979	-	21,979
Debt service:			
Principal retirement	45,164	-	45,164
Interest and other fiscal charges	4,547	-	4,547
Total expenditures	<u>\$ 6,258,089</u>	<u>\$ 323,053</u>	<u>\$ 6,581,142</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,677,106</u>	<u>\$ 84,408</u>	<u>\$ 1,761,514</u>
Other financing sources (uses):			
Transfers in	\$ 235,000	\$ 274,554	\$ 509,554
Transfers (out)	<u>(352,264)</u>	<u>(235,000)</u>	<u>(587,264)</u>
Total other financing sources (uses)	<u>\$ (117,264)</u>	<u>\$ 39,554</u>	<u>\$ (77,710)</u>
Changes in fund balances	\$ 1,559,842	\$ 123,962	\$ 1,683,804
Fund balances at beginning of year	<u>7,705,336</u>	<u>105,182</u>	<u>7,810,518</u>
Fund balances at end of year	<u><u>\$ 9,265,178</u></u>	<u><u>\$ 229,144</u></u>	<u><u>\$ 9,494,322</u></u>

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	1,683,804
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Net acquisition of assets on dissolution of convention center	\$ 448,982	
Capital outlay	1,340,797	
Depreciation expense	<u>(1,272,497)</u>	517,282
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		17,320
The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items and details are as follows:		
Principal repayments		45,164
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	\$ (44,667)	
Change in pension related items	66,644	
Change in OPEB related items	<u>(108,349)</u>	<u>(86,372)</u>
Change in net position of governmental activities	\$	<u><u>2,177,198</u></u>

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

Statement of Net Position - Proprietary Funds
June 30, 2023

	Water Fund	Curtis Merritt Harbor Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,405,347	\$ 269,473	\$ 1,674,820
Accounts receivable	232,045	-	232,045
Inventory	-	33,751	33,751
Due from general fund	192,500	81,734	274,234
Total Current Assets	<u>\$ 1,829,892</u>	<u>\$ 384,958</u>	<u>\$ 2,214,850</u>
Noncurrent Assets			
Capital Assets			
Land	\$ 302,426	\$ -	\$ 302,426
Dock and improvements	-	2,960,754	2,960,754
Construction in progress	-	579,200	579,200
Infrastructure	8,932,156	-	8,932,156
Equipment	1,331,722	221,621	1,553,343
Accumulated depreciation	(7,439,527)	(1,874,342)	(9,313,869)
Total Noncurrent Assets	<u>\$ 3,126,777</u>	<u>\$ 1,887,233</u>	<u>\$ 5,014,010</u>
Total Assets	<u>\$ 4,956,669</u>	<u>\$ 2,272,191</u>	<u>\$ 7,228,860</u>
Deferred Outflows of Resources			
Pension related items	\$ 44,249	\$ 15,278	\$ 59,527
OPEB related items	2,238	760	2,998
Total Deferred Outflows of Resources	<u>\$ 46,487</u>	<u>\$ 16,038</u>	<u>\$ 62,525</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,003,156</u>	<u>\$ 2,288,229</u>	<u>\$ 7,291,385</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ -	\$ 5,704	\$ 5,704
Accrued liabilities	27,355	10,195	37,550
Current portion of compensated absences	1,596	924	2,520
Current portion of general obligation bonds	92,810	-	92,810
Unearned revenue	17,834	3,166	21,000
Due to general fund	144,399	169,892	314,291
Total Current Liabilities	<u>\$ 283,994</u>	<u>\$ 189,881</u>	<u>\$ 473,875</u>
Noncurrent Liabilities			
Compensated absences, net of current portion	\$ 14,359	\$ 8,311	\$ 22,670
Net pension liability	36,166	13,820	49,986
Net OPEB liability	9,664	3,035	12,699
General obligation bonds, net of current portion	442,869	-	442,869
Total Noncurrent Liabilities	<u>\$ 503,058</u>	<u>\$ 25,166</u>	<u>\$ 528,224</u>
Total Liabilities	<u>\$ 787,052</u>	<u>\$ 215,047</u>	<u>\$ 1,002,099</u>
Deferred Inflows of Resources			
Pension related items	\$ 28,901	\$ 7,199	\$ 36,100
OPEB related items	2,266	713	2,979
Total Deferred Inflows of Resources	<u>\$ 31,167</u>	<u>\$ 7,912</u>	<u>\$ 39,079</u>
NET POSITION			
Net investment in capital assets	\$ 2,591,098	\$ 1,887,233	\$ 4,478,331
Unrestricted	1,593,839	178,037	1,771,876
Total Net Position	<u>\$ 4,184,937</u>	<u>\$ 2,065,270</u>	<u>\$ 6,250,207</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 5,003,156</u>	<u>\$ 2,288,229</u>	<u>\$ 7,291,385</u>

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

Statement of Revenues, Expenses and Change in Net Position -
 Proprietary Funds
 Year Ended June 30, 2023

	Water Fund	Curtis Merritt Harbor Fund	Total
Operating revenues:			
Charges for services	\$ 1,026,938	\$ 728,791	\$ 1,755,729
Miscellaneous	472	-	472
Total operating revenues	\$ 1,027,410	\$ 728,791	\$ 1,756,201
Operating expenses:			
Salaries	\$ 213,258	\$ 50,047	\$ 263,305
Fringe benefits	47,207	16,422	63,629
Contracted services	-	535,608	535,608
Internal service allocation	100,000	-	100,000
Miscellaneous operating expenses	167,845	402	168,247
Repairs and maintenance	68,827	-	68,827
Depreciation	453,166	93,868	547,034
Total operating expenses	\$ 1,050,303	\$ 696,347	\$ 1,746,650
Operating income (loss)	\$ (22,893)	\$ 32,444	\$ 9,551
Nonoperating revenues (expenses):			
Availability fees	\$ 37,080	\$ -	\$ 37,080
Interest income	20,331	8,416	28,747
Interest expense	(12,049)	-	(12,049)
Total nonoperating revenues (expenses)	\$ 45,362	\$ 8,416	\$ 53,778
Income (loss) before transfers and capital grants	\$ 22,469	\$ 40,860	\$ 63,329
Transfers:			
Transfers in	\$ -	\$ 77,710	\$ 77,710
Capital grant - Virginia Port Authority grant	\$ -	\$ 197,162	\$ 197,162
Change in net position	\$ 22,469	\$ 315,732	\$ 338,201
Net position, beginning of year	4,162,468	1,749,538	5,912,006
Net position, end of year	\$ 4,184,937	\$ 2,065,270	\$ 6,250,207

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

Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	Water Fund	Curtis Merritt Harbor Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 962,382	\$ 726,731	\$ 1,689,113
Payments to employees (including fringe benefits)	(245,279)	(59,958)	(305,237)
Payments for other operating activities	(368,975)	(466,318)	(835,293)
Net cash provided by (used for) operating activities	\$ 348,128	\$ 200,455	\$ 548,583
Cash flows from capital and related financing activities:			
Purchase of capital assets	\$ -	\$ (579,200)	\$ (579,200)
Capital grants	-	197,162	197,162
Proceeds from availability fees	37,080	-	37,080
Interest expense	(12,049)	-	(12,049)
Retirement of general obligation bonds	(90,979)	-	(90,979)
Net cash provided by (used for) capital and related financing activities	\$ (65,948)	\$ (382,038)	\$ (447,986)
Cash flows from noncapital financing activities:			
Transfers in	\$ -	\$ 77,710	\$ 77,710
Cash flows from investing activities:			
Interest income	\$ 20,331	\$ 8,416	\$ 28,747
Net increase (decrease) in cash and cash equivalents	\$ 302,511	\$ (95,457)	\$ 207,054
Cash and cash equivalents at beginning of year	1,102,836	364,930	1,467,766
Cash and cash equivalents at end of year	\$ 1,405,347	\$ 269,473	\$ 1,674,820
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (22,893)	\$ 32,444	\$ 9,551
Adjustment to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	453,166	93,868	547,034
Changes in operating assets and liabilities and deferred outflows/inflows of resources			
(Increase) decrease in:			
Accounts receivable	(66,146)	-	(66,146)
Inventory	-	3,295	3,295
Due from general fund	(171,450)	(81,734)	(253,184)
Net pension asset	16,947	5,321	22,268
Deferred outflows of resources - pension related	6,554	(70)	6,484
Deferred outflows of resources - OPEB related	945	164	1,109
Increase (decrease) in:			
Accounts payable	(5,252)	(21,761)	(27,013)
Accrued liabilities	23,538	8,869	32,407
Compensated absences	2,443	400	2,843
Unearned revenue	1,118	(2,060)	(942)
Due to general fund	144,399	169,892	314,291
Net pension liability	36,166	13,820	49,986
Net OPEB liability	(1,023)	37	(986)
Deferred inflows of resources - pension related	(68,378)	(21,544)	(89,922)
Deferred inflows of resources - OPEB related	(2,006)	(486)	(2,492)
Net cash provided by (used for) operating activities	\$ 348,128	\$ 200,455	\$ 548,583

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Town of Chincoteague is governed by an elected six member Town Council. The Town provides a wide range of services for its citizens. These services include police protection, water services, recreational activities, cultural events, health, road maintenance and emergency medical services.

Financial Statement Presentation

Management's Discussion and Analysis - the financial statements are accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

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

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

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. The Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for general-purpose financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in the reporting entity. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations, and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally separate from the government.

B. Individual Component Unit Disclosure

Blended Component Units: The Town has no blended component units to be included for the fiscal year ended June 30, 2023.

Discretely Presented Component Units: The Town has no discretely presented component units to be included for the fiscal year ended June 30, 2023.

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

1. Governmental Funds

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

a. General Fund

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

b. Special Revenue Funds

Special revenue funds account for and report the proceeds of special revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds consist of the Trolley Fund and the Convention Center Fund, which are nonmajor funds of the Town.

2. Proprietary Funds

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

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

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

2. Proprietary Funds (Continued)

Enterprise Funds

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Water Fund and the Curtis Merritt Harbor Fund.

The Town reports the following major enterprise funds:

Water Fund: This fund is used to account for water services of the Town.

Curtis Merritt Harbor: This fund is used to account for harbor services of the Town.

D. Budgets and Budgetary Accounting

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

1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The Town Manager is authorized to transfer budgeted amounts within all 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. All appropriations lapse on June 30, for all Town units.
8. All budget data presented in the accompanying financial statements is the original budget to the current comparison of the final budget and actual results.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

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

E. Cash and Cash Equivalents

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

F. Investments

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

G. Prepaid Items

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

H. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$6,726 at June 30, 2023 and is comprised solely of property taxes.

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

I. Unbilled Water Revenue

The Town bills service charges to customers on a quarterly basis. Service charges earned but unbilled are accrued based on the last billing. These items are reported in the financial statements as part of receivables and revenues. The amount of estimated unbilled revenue included in accounts receivable totaled \$91,919.

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

J. Inventory

Inventory is valued at cost, using the first-in, first-out method. The cost is recorded as an expense at the time the individual inventory items are consumed, rather than when purchased.

K. Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, road registered vehicles, and equipment with an initial individual cost of more than \$3,500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value on the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Water systems	50
Buildings	40
Building improvements	20-40
Vehicles	3-5
Equipment	5-10
Buses	12
Land improvements	10-20
Infrastructure	30-40
Dock and improvements	12-40

L. Compensated Absences

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

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

M. Long-term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. 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.

O. Fund Balance

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

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

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

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

O. Fund Balance (Continued)

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

The details of governmental fund balances are reported in Exhibit 3.

P. 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/amortization 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.

Q. Net Position Flow Assumption

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

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

R. Deferred Outflows/Inflows of Resources (Continued)

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

S. Pensions

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

T. Other Postemployment Benefits (OPEB)

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

U. Upcoming Pronouncements

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

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

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

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

U. Upcoming Pronouncements (Continued)

Implementation Guide No. 2021-1, *Implementation Guidance Update-2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update-2023*, effective for fiscal years beginning after June 15, 2023.

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

V. Adoption of Accounting Principles

The Town implemented provisions of GASB Statement Nos. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, SBITAs requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position or fund balance was required, and no balances were recognized, as a result of the implementation of this standard.

NOTE 2—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Town does not have a policy related to credit risk of debt securities.

The Town's rated debt investments as of June 30, 2023 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

The Town does not have a policy related to interest rate risk.

Rated Debt Investments' Values	
	Rating
	AAAm
Local Government Investment Pool	\$ 8,034,849

Summarized by maturity below for interest rate risk disclosure:

Investment Maturity (in years)		
Investment Type	Value	Less Than 1 Year
Local Government Investment Pool	\$ 8,034,849	\$ 8,034,849

External Investment Pool

The value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3—DUE FROM OTHER GOVERNMENTAL UNITS:

The Town had receivables due from other governmental units at June 30, 2023 as follows:

	General Fund	Other Governmental Funds	Total
Commonwealth of Virginia:			
Communication taxes	\$ 9,443	\$ -	\$ 9,443
Mobile home sales tax	3,150	-	3,150
Auto rental tax	510	-	510
Criminal justice grants	35,678	-	35,678
Federal Government:			
Trolley demo grant	-	3,429	3,429
Total	\$ 48,781	\$ 3,429	\$ 52,210

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 4—CAPITAL ASSETS:

A summary of capital asset activity for the year ended June 30, 2023 is as follows:

Governmental Activities:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets not being depreciated:				
Land	\$ 2,664,756	\$ -	\$ -	\$ 2,664,756
Construction in progress	559,756	56,705	-	616,461
Total capital assets not being depreciated	\$ 3,224,512	\$ 56,705	\$ -	\$ 3,281,217
Capital assets being depreciated:				
Buildings and improvements	\$ 3,670,130	\$ 1,329,061	\$ -	\$ 4,999,191
Land improvements	1,635,622	46,162	-	1,681,784
Infrastructure	3,654,113	-	-	3,654,113
Equipment	3,404,308	357,851	-	3,762,159
Total capital assets being depreciated	\$ 12,364,173	\$ 1,733,074	\$ -	\$ 14,097,247
Accumulated depreciation:				
Buildings and improvements	\$ 2,905,938	\$ 844,058	\$ -	\$ 3,749,996
Land improvements	261,448	104,619	-	366,067
Infrastructure	977,402	92,896	-	1,070,298
Equipment	2,627,755	230,924	-	2,858,679
Total accumulated depreciation	\$ 6,772,543	\$ 1,272,497	\$ -	\$ 8,045,040
Total capital assets being depreciated, net	\$ 5,591,630	\$ 460,577	\$ -	\$ 6,052,207
Net capital assets	\$ 8,816,142	\$ 517,282	\$ -	\$ 9,333,424

Effective July 1, 2022, upon the dissolution of the Chincoteague Recreation and Convention Center Authority, capital assets previously belonging to the Center were transferred to the Town. Net capital assets transferred to the Town totaled \$448,982, including \$856,934 of accumulated depreciation.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

Business-type Activities:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Water Fund:				
Capital assets not being depreciated:				
Land	\$ 302,426	\$ -	\$ -	\$ 302,426
Total capital assets not being depreciated	\$ 302,426	\$ -	\$ -	\$ 302,426
Capital assets being depreciated:				
Infrastructure	\$ 8,932,156	\$ -	\$ -	\$ 8,932,156
Equipment	1,331,722	-	-	1,331,722
Total capital assets being depreciated	\$ 10,263,878	\$ -	\$ -	\$ 10,263,878
Accumulated depreciation:				
Infrastructure	\$ 6,586,071	\$ 362,158	\$ -	\$ 6,948,229
Equipment	400,290	91,008	-	491,298
Total accumulated depreciation	\$ 6,986,361	\$ 453,166	\$ -	\$ 7,439,527
Total capital assets being depreciated, net	\$ 3,277,517	\$ (453,166)	\$ -	\$ 2,824,351
Net capital assets	\$ 3,579,943	\$ (453,166)	\$ -	\$ 3,126,777
Curtis Merritt Harbor:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 579,200	\$ -	\$ 579,200
Total capital assets not being depreciated	\$ -	\$ 579,200	\$ -	\$ 579,200
Capital assets being depreciated:				
Dock and improvements	\$ 2,960,754	\$ -	\$ -	\$ 2,960,754
Equipment	221,621	-	-	221,621
Total capital assets being depreciated	\$ 3,182,375	\$ -	\$ -	\$ 3,182,375
Accumulated depreciation:				
Dock and improvements	\$ 1,671,182	\$ 84,594	\$ -	\$ 1,755,776
Equipment	109,292	9,274	-	118,566
Total accumulated depreciation	\$ 1,780,474	\$ 93,868	\$ -	\$ 1,874,342
Total capital assets being depreciated, net	\$ 1,401,901	\$ (93,868)	\$ -	\$ 1,308,033
Net capital assets	\$ 1,401,901	\$ 485,332	\$ -	\$ 1,887,233

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	24,503
Public safety		45,374
Public works		219,425
Parks, recreation and cultural		914,755
Community development		68,440
Total governmental activities	\$	<u>1,272,497</u>

Business-type activities:

Water fund	\$	453,166
Curtis Merritt Harbor		93,868
Total business-type activities	\$	<u>547,034</u>

NOTE 5—LONG-TERM OBLIGATIONS:

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2023:

	Balance July 1, 2022	Issuances / Additions	Retirements / Deletions	Balance June 30, 2023	Due Within One Year
Governmental activities					
Net pension liability	\$ -	\$ 1,033,578	\$ 546,022	\$ 487,556	\$ -
Net OPEB liabilities	1,029,244	281,767	162,230	1,148,781	-
Compensated absences	194,425	64,110	19,443	239,092	23,910
Financed purchase	139,921	-	45,164	94,757	46,632
Total governmental activities	<u>\$ 1,363,590</u>	<u>\$ 1,379,455</u>	<u>\$ 772,859</u>	<u>\$ 1,970,186</u>	<u>\$ 70,542</u>
Business-type activities					
Direct borrowings and placements:					
General obligation bonds	\$ 626,658	\$ -	\$ 90,979	\$ 535,679	\$ 92,810
Net pension liability	-	107,869	57,883	49,986	-
Net OPEB liabilities	13,685	7,320	8,306	12,699	-
Compensated absences	22,347	5,077	2,234	25,190	2,520
Total Business-type activities	<u>\$ 662,690</u>	<u>\$ 120,266</u>	<u>\$ 159,402</u>	<u>\$ 623,554</u>	<u>\$ 95,330</u>

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Financed Purchase		Direct Borrowings and Placements	
			General Obligation Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 46,632	\$ 3,080	\$ 92,810	\$ 11,139
2025	48,125	1,564	94,677	9,292
2026	-	-	96,579	7,408
2027	-	-	98,520	5,485
2028	-	-	100,500	3,525
2029	-	-	52,593	1,525
Total	\$ 94,757	\$ 4,644	\$ 535,679	\$ 38,374

Details of Long-term Obligations:

	Total Outstanding
Governmental Activities:	
Net pension liability	\$ 487,556
Net OPEB liabilities	1,148,781
Compensated absences	239,092
Financed purchase:	
\$231,500 purchase of equipment on April 15, 2020, payable in annual installments of \$49,712, interest payable annually at 3.250% rate, through July 15, 2024.	94,757
Total governmental activities	\$ 1,970,186
Business-type activities:	
Direct Borrowings and Placements:	
General Obligation Bonds:	
\$971,400 taxable general obligation water bond, Series 2017, issued May 10, 2017 due in semi-annual installments of \$51,514 beginning January 1, 2019 through January 1, 2029, interest at 2.00%.	\$ 535,679
Net pension liability	49,986
Net OPEB liabilities	12,699
Compensated absences	25,190
Total business-type activities	\$ 623,554

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 6—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.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 6—PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

- 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 equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 6—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	25
Inactive members:	
Vested inactive members	8
Non-vested inactive members	10
Inactive members active elsewhere in VRS	15
Total inactive members	33
Active members	42
Total covered employees	100

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, 2023 was 14.18% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$325,728 and \$257,706 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 6—PENSION PLAN: (CONTINUED)

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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 6—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates:

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

Pre-Retirement:

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 6—PENSION PLAN: (CONTINUED)

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

Mortality rates: (Continued)

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 6—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 6—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 and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 10,445,405	\$ 10,669,011	\$ (223,606)
Changes for the year:			
Service cost	\$ 311,670	\$ -	\$ 311,670
Interest	711,102	-	711,102
Differences between expected and actual experience	97,869	-	97,869
Contributions - employer	-	257,706	(257,706)
Contributions - employee	-	120,440	(120,440)
Net investment income	-	(12,295)	12,295
Benefit payments, including refunds	(444,470)	(444,470)	-
Administrative expenses	-	(6,607)	6,607
Other changes	-	249	(249)
Net changes	\$ 676,171	\$ (84,977)	\$ 761,148
Balances at June 30, 2022	\$ 11,121,576	\$ 10,584,034	\$ 537,542

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 6—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 net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension (Asset) Liability	\$ 2,084,488	\$ 537,542	\$ (724,647)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$247,899. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,940	\$ 30,749
Change in assumptions	210,215	-
Net difference between projected and actual earnings on pension plan investments	-	305,042
Change in proportionate share	1,427	1,427
Employer contributions subsequent to the measurement date	325,728	-
Total	\$ 611,310	\$ 337,218

NOTE 6—PENSION PLAN: (CONTINUED)

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

\$325,728 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2024	\$ (17,088)
2025	(19,291)
2026	(163,410)
2027	148,153
2028	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 7—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Program 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 CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 7—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Program 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, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$12,647 and \$12,437 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 7—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 Program OPEB

At June 30, 2023, the entity reported a liability of \$127,514 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 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, 2021 and rolled forward to the measurement date of June 30, 2022. 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 Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.0106% as compared to 0.0108% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$4,835. 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, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,097	\$ 5,116
Net difference between projected and actual earnings on GLI OPEB program investments	-	7,968
Change in assumptions	4,756	12,420
Changes in proportionate share	3,457	4,401
Employer contributions subsequent to the measurement date	12,647	-
Total	\$ 30,957	\$ 29,905

\$12,647 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2024	\$ (1,472)
2025	(1,759)
2026	(6,889)
2027	15
2028	(1,490)
Thereafter	-

NOTE 7—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

- Pre-Retirement:
 - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years
- Post-Retirement:
 - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year
- Post-Disablement:
 - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 7—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 7—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
Employers' Net GLI OPEB Liability (Asset)	\$	1,204,096
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 7—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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, 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, 2022 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.

NOTE 7—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 Group Life Insurance Plan				
Net OPEB Liability	\$	185,548	\$ 127,514	\$ 80,615

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 8—PAY-AS-YOU-GO (OPEB PLAN) - MEDICAL INSURANCE:

Plan Description

In addition to the pension and OPEB benefits described in Notes 6 and 7 the Town provides post-retirement healthcare benefits for employees who are eligible under a single-employer defined benefit plan. The Town of Chincoteague allows eligible retirees to continue his/her health insurance with the Town until the retiree becomes eligible for Medicare. After such time, the Town offers reimbursement of eligible retirees’ Medicare supplement premium for the remainder of his/her life not to exceed the Town’s medical insurance premium for an individual employee. Eligible employees are those that were hired before January 1, 2012 and having been in the Town’s employ as a full-time employee and enrolled in the Town’s Health Insurance plan for a period of at least five years. The OPEB Plan does not issue separate audited financial statements.

Benefits Provided

The Town establishes employer contribution rates for plan participants as part of the budgetary process each year. The Town also determines how the plan will be funded each year, whether they will partially fund the plan or fully fund the plan. Again, this is determined annually as part of the budgetary process. Retirees pay the full premium for health insurance coverage. Retirees pay 100% of spousal premiums. Coverage ceases when retirees reach the age of 65 and retirees are covered by a Medicare Eligible supplement. Surviving spouses are not allowed access to the plan.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 8—PAY-AS-YOU-GO (OPEB PLAN) - MEDICAL INSURANCE: (CONTINUED)

Plan Membership

At June 30, 2023, the following employees were covered by the benefit terms:

Retirees	17
Active employees	<u>14</u>
Total	<u><u>31</u></u>

Contributions

The board does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Plan Board. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2023 was \$82,607.

Total OPEB Liability

The total OPEB liability was measured as of June 30, 2023.

Actuarial Assumptions

The Town qualifies for the Alternative Measurement Method under GASB 75, under which the calculation of the total OPEB liability may be completed without a full actuarial valuation. The total OPEB liability as of June 30, 2023 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	5.00%
Discount Rate	4.27%
Investment Rate of Return	N/A

Mortality rates were based on Pub-2010 Public Retirement Plans mortality tables, with mortality improvement projected for 10 years.

Discount Rate

As the Plan is not pre-funded and no OPEB Plan Fiduciary Net Position exists, GASB 75 requires that the discount rate reflect the yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The 4.27% rate used in the valuation is based on the 20-year tax exempt municipal bond yield.

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 8—PAY-AS-YOU-GO (OPEB PLAN) - MEDICAL INSURANCE: (CONTINUED)

Changes in Total OPEB Liability

Changes in Total OPEB Liability		Total OPEB Liability
Balance at June 30, 2022	\$	916,955
Changes for the year:		
Service cost		5,079
Interest		36,039
Effect of economic/demographic gains or losses		173,326
Changes in assumptions		(14,826)
Benefit payments		(82,607)
Net changes		117,011
Balance at June 30, 2023	\$	1,033,966

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

The following amounts present the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%) or one percentage point higher (5.27%) than the current discount rate:

	Rate		
	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
Town	\$ 1,119,381	\$ 1,033,966	\$ 958,643

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

The following presents the total OPEB liability of the, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.80% decreasing to an ultimate rate of 3.10%) or one percentage point higher (6.80% decreasing to an ultimate rate of 5.10%) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (4.80% decreasing to 3.10%)	Healthcare Cost Trend (5.80% decreasing to 4.10%)	1% Increase (6.80% decreasing to 5.10%)
Town	\$ 951,879	\$ 1,033,966	\$ 1,126,114

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (Continued)

NOTE 8—PAY-AS-YOU-GO (OPEB PLAN) - MEDICAL INSURANCE: (CONTINUED)

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

For the year ended June 30, 2023, the Town recognized OPEB expense in the amount of \$199,618.

The Town qualifies for the Alternative Measurement Method under GASB 75. Per GASB 75 Paragraph 43(a), deferred inflows/outflows of resources related to differences between actual and expected experience with regard to economic or demographic factors or changes in assumptions and other inputs should not be used under the Alternative Measurement Method. These items should be recognized in OPEB expense immediately.

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Summary of OPEB Liability, Deferred Outflows of Resources and Deferred Inflows of Resources

	Primary Government			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS Group Life Insurance Plan (Note 7):	\$ 30,957	\$ 29,905	\$ 127,514	\$ 4,835
Town Stand-Alone Plan (Note 8)	-	-	1,033,966	199,618
Total	<u>\$ 30,957</u>	<u>\$ 29,905</u>	<u>\$ 1,161,480</u>	<u>\$ 204,453</u>

NOTE 9—UNAVAILABLE/DEFERRED/UNEARNED REVENUE:

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

The following is a summary of unearned/deferred/unavailable revenue for the year ended June 30, 2023:

Description	Governmental Funds		Deferred Governmental Activities	Unearned Proprietary Funds
	Unavailable General Fund	Unearned General Fund		
Harbor rents paid in advance	\$ -	\$ -	\$ -	\$ 3,166
Water bills paid in advance	-	-	-	17,834
Prepaid property taxes	5,585	-	5,585	-
PPTRA taxes	15,000	-	15,000	-
Local delinquent real and personal property taxes	46,886	-	-	-
ARPA grant	-	2,929,110	-	-
Total	<u>\$ 67,471</u>	<u>\$ 2,929,110</u>	<u>\$ 20,585</u>	<u>\$ 21,000</u>

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 10—CONTINGENT LIABILITIES:

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, would be immaterial.

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

NOTE 11—RISK MANAGEMENT:

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

NOTE 12—COMPENSATED ABSENCES:

The Town has accrued the liability arising from outstanding compensated absences. Town employees earn vacation and sick leave at a variable rate based on length of service. No benefits or pay is received for unused sick leave upon termination. Vacation accumulates on a calendar year basis not to exceed 240 hours. The Town had outstanding vacation pay totaling \$264,282 at June 30, 2023.

NOTE 13—SURETY BOND INFORMATION:

The Town has a \$400,000 blanket policy through the Virginia Risk Sharing Association insurance plan covering all employees for fraud and other employee dishonesty.

NOTE 14—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 235,000	\$ 352,264
Trolley Fund	164,554	-
Convention Center Fund	110,000	235,000
Curtis Merrit Harbor Fund	77,710	-
Total	<u>\$ 587,264</u>	<u>\$ 587,264</u>

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

TOWN OF CHINCOTEAGUE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (Continued)

NOTE 15—DUE TO / FROM OTHER FUNDS:

Interfund receivables and payables at year end are as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Payable</u>
Primary Government:		
General Fund	\$ 549,292	\$ 274,235
Water Fund	192,500	144,399
Curtis Merrit Harbor Fund	81,735	169,893
Convention Center Fund	-	235,000
Total	<u>\$ 823,527</u>	<u>\$ 823,527</u>

Interfund balances consist of (1) balances of local appropriations unspent at year-end due back to the respective funds, (2) interfund loans from the General fund to other funds, and (3) receivables and payables recorded when funds overdraw their share of pooled cash. All balances due between funds are expected to be paid within one year.

NOTE 16—COVID-19 FUNDING:

ARPA Funding

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

During 2021, the Town received its share of the first half of the CSLFRF funds and received the second half in 2022. 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 \$2,929,110 from the initial allocation are reported as unearned revenue as of June 30.

NOTE 17—DISSOLUTION OF THE CHINCOTEAGUE RECREATION AND CONVENTION CENTER AUTHORITY:

Effective July 1, 2022, the Authority was dissolved and the Town took over operation of the Center. The Authority transferred its assets (consisting of cash, prepaid items, and capital assets) and its liabilities (consisting of security deposits and unearned revenue) to the Town as of that date. The functions of the Center are now recognized in the financial statements as the Convention Center Fund.

NOTE 18—ACQUISITION AND GIFTING OF WASTEWATER TREATMENT FACILITIES SUBSEQUENT EVENT:

Between January and September of 2023, the Town acquired land and other property pertaining to a wastewater treatment system. On September 22, 2023, the Town entered into an agreement to transfer the wastewater treatment system to Hampton Roads Sanitation District (HRSD), and in return, HRSD would upgrade and operate the water treatment system. The transfer of assets took place on November 6, 2023.

Required Supplementary Information

Schedule of Revenues, Expenditures and Change in Fund Balance -
 Budget and Actual - General Fund
 Year Ended June 30, 2023

Fund	Original Budget	Budget As Amended	Actual	From Final Budget Positive (Negative)
Revenues:				
General property taxes	\$ 897,307	\$ 897,307	\$ 988,058	\$ 90,751
Other local taxes	3,591,000	3,591,000	4,604,026	1,013,026
Permits, privilege fees and regulatory licenses	72,392	72,392	53,224	(19,168)
Fines and forfeitures	22,850	22,850	22,464	(386)
Revenue from use of money and property	56,348	56,348	289,151	232,803
Charges for services	429,000	429,000	422,865	(6,135)
Miscellaneous	208,823	208,823	225,105	16,282
Intergovernmental:				
Commonwealth	1,199,848	1,199,848	1,204,284	4,436
Federal	396,577	396,577	126,018	(270,559)
Total revenues	\$ 6,874,145	\$ 6,874,145	\$ 7,935,195	\$ 1,061,050
Expenditures:				
General government administration	\$ 1,657,581	\$ 1,657,581	\$ 1,416,422	\$ 241,159
Public safety	2,732,902	2,732,902	2,499,764	233,138
Public works	2,014,292	2,014,292	2,034,399	(20,107)
Health	133,838	133,838	171,852	(38,014)
Parks, recreation and cultural	30,000	30,000	63,962	(33,962)
Capital outlay	-	-	21,979	(21,979)
Debt service:				
Principal retirement	45,164	45,164	45,164	-
Interest and fiscal charges	4,547	4,547	4,547	-
Total expenditures	\$ 6,618,324	\$ 6,618,324	\$ 6,258,089	\$ 360,235
Excess (deficiency) of revenues over (under) expenditures	\$ 255,821	\$ 255,821	\$ 1,677,106	\$ 1,421,285
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 235,000	\$ 235,000
Transfers (out)	(65,908)	(65,908)	(219,174)	(153,266)
Sale of capital assets	5,000	5,000	-	(5,000)
Total other financing sources (uses)	\$ (60,908)	\$ (60,908)	\$ 15,826	\$ 76,734
Changes in fund balance	\$ 194,913	\$ 194,913	\$ 1,692,932	\$ 1,498,019
Fund balance at beginning of year	(194,913)	(194,913)	7,705,336	7,900,249
Fund balance at end of year	\$ -	\$ -	\$ 9,398,268	\$ 9,398,268

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019
Total pension liability				
Service cost	\$ 311,670	\$ 307,577	\$ 291,930	\$ 252,234
Interest	711,102	632,438	595,185	551,345
Changes of assumptions	-	400,453	-	277,245
Difference between expected and actual experience	97,869	(56,358)	(5,759)	102,128
Benefit payments, including refunds of employee contributions	(444,470)	(416,318)	(242,588)	(240,918)
Net change in total pension liability	\$ 676,171	\$ 867,792	\$ 638,768	\$ 942,034
Total pension liability - beginning	10,445,405	9,577,613	8,938,845	7,996,811
Total pension liability - ending (a)	\$ 11,121,576	\$ 10,445,405	\$ 9,577,613	\$ 8,938,845
Plan fiduciary net position				
Contributions - employer	\$ 257,706	\$ 249,769	\$ 200,818	\$ 190,255
Contributions - employee	120,440	109,227	111,035	105,076
Net investment income	(12,295)	2,318,320	157,357	518,608
Benefit payments, including refunds of employee contributions	(444,470)	(416,318)	(242,588)	(240,918)
Administrative expense	(6,607)	(5,679)	(5,183)	(4,928)
Other	249	219	(190)	(327)
Net change in plan fiduciary net position	\$ (84,977)	\$ 2,255,538	\$ 221,249	\$ 567,766
Plan fiduciary net position - beginning	10,669,011	8,413,473	8,192,224	7,624,458
Plan fiduciary net position - ending (b)	\$ 10,584,034	\$ 10,669,011	\$ 8,413,473	\$ 8,192,224
Town's net pension liability (asset) - ending (a) - (b)	\$ 537,542	\$ (223,606)	\$ 1,164,140	\$ 746,621
Plan fiduciary net position as a percentage of the total pension liability	95.17%	102.14%	87.85%	91.65%
Covered payroll	\$ 2,303,097	\$ 2,233,273	\$ 2,261,343	\$ 2,136,639
Town's net pension liability (asset) as a percentage of covered payroll	23.34%	-10.01%	51.48%	34.94%

This schedule is intended to show information for 10 years. However, information prior to the 2014 valuation is not available. Additional years will be included as they become available.

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	\$ 239,148	\$ 244,968	\$ 235,328	\$ 239,717	\$ 227,594
Interest	528,628	507,060	466,163	438,080	407,709
Changes of assumptions	-	(89,971)	-	-	-
Difference between expected and actual experience	(221,770)	(151,971)	74,195	(40,490)	-
Benefit payments, including refunds of employee contributions	(202,048)	(201,901)	(180,972)	(291,266)	(111,619)
Net change in total pension liability	\$ 343,958	\$ 308,185	\$ 594,714	\$ 346,041	\$ 523,684
Total pension liability - beginning	7,652,853	7,344,668	6,749,954	6,403,913	5,880,229
Total pension liability - ending (a)	\$ 7,996,811	\$ 7,652,853	\$ 7,344,668	\$ 6,749,954	\$ 6,403,913
Plan fiduciary net position					
Contributions - employer	\$ 209,466	\$ 198,136	\$ 205,728	\$ 209,869	\$ 226,725
Contributions - employee	98,900	93,603	92,535	94,535	93,079
Net investment income	521,166	759,180	107,691	265,876	758,736
Benefit payments, including refunds of employee contributions	(202,048)	(201,901)	(180,972)	(291,266)	(111,619)
Administrative expense	(4,316)	(4,207)	(3,574)	(3,551)	(3,875)
Other	(472)	(684)	(45)	(57)	40
Net change in plan fiduciary net position	\$ 622,696	\$ 844,127	\$ 221,363	\$ 275,406	\$ 963,086
Plan fiduciary net position - beginning	7,001,762	6,157,635	5,936,272	5,660,866	4,697,780
Plan fiduciary net position - ending (b)	\$ 7,624,458	\$ 7,001,762	\$ 6,157,635	\$ 5,936,272	\$ 5,660,866
Town's net pension liability (asset) - ending (a) - (b)	\$ 372,353	\$ 651,091	\$ 1,187,033	\$ 813,682	\$ 743,047
Plan fiduciary net position as a percentage of the total pension liability	95.34%	91.49%	83.84%	87.95%	88.40%
Covered payroll	\$ 2,008,445	\$ 1,897,651	\$ 1,855,619	\$ 1,890,715	\$ 1,861,570
Town's net pension liability (asset) as a percentage of covered payroll	18.54%	34.31%	63.97%	43.04%	39.92%

Schedule of Employer Contributions - Pension Plan
 Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution*	Contractually Required Contribution*	Contribution Deficiency (Excess)		
2023	\$ 325,728	\$ 325,728	\$ -	\$ 2,342,047	13.91%
2022	257,706	257,706	-	2,303,097	11.19%
2021	249,769	249,769	-	2,233,273	11.18%
2020	200,152	200,152	-	2,261,343	8.85%
2019	190,256	190,256	-	2,136,639	8.90%
2018	209,466	209,466	-	2,008,445	10.43%
2017	199,633	199,633	-	1,897,651	10.52%
2016	205,974	205,974	-	1,855,619	11.10%
2015	209,869	209,869	-	1,890,715	11.10%
2014	224,877	224,877	-	1,861,570	12.08%

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

Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2023

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2022

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
2022	0.0106%	\$ 127,514	\$ 2,303,097	5.54%	67.21%
2021	0.0108%	125,974	2,233,273	5.64%	67.45%
2020	0.0110%	183,405	2,261,343	8.11%	52.64%
2019	0.0109%	177,372	2,136,639	8.30%	52.00%
2018	0.0106%	161,000	2,008,445	8.02%	51.22%
2017	0.0103%	155,000	1,897,651	8.17%	48.86%

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance Plan

Years Ended June 30, 2014 through June 30, 2023

Date	Contributions in Relation to				Contributions as a % of	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Covered Payroll	
2023	\$ 12,647	\$ 12,647	\$ -	\$ 2,342,047		0.54%
2022	12,437	12,437	-	2,303,097		0.54%
2021	12,060	12,060	-	2,233,273		0.54%
2020	11,759	11,759	-	2,261,343		0.52%
2019	11,111	11,111	-	2,136,639		0.52%
2018	10,444	10,444	-	2,008,445		0.52%
2017	9,868	9,868	-	1,897,651		0.52%
2016	8,907	8,907	-	1,855,619		0.48%
2015	9,075	9,075	-	1,890,715		0.48%
2014	8,936	8,936	-	1,861,570		0.48%

Notes to Required Supplementary Information
 Group Life Insurance Plan
 Year Ended June 30, 2023

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Schedule of Changes in Total OPEB Liability and Related Ratios

Pay-As-You-Go Plan

For the Measurement Dates of June 30, 2022 through June 30, 2023

	2022	2023
Total OPEB liability		
Service cost	\$ -	\$ 5,079
Interest	(1,534)	36,039
Effect of economic/demographic gains or losses	994,241	173,326
Changes in assumptions	-	(14,826)
Benefit payments	(75,752)	(82,607)
Net change in total OPEB liability	\$ 916,955	\$ 117,011
Total OPEB liability - beginning	-	916,955
Total OPEB liability - ending	\$ 916,955	\$ 1,033,966
 Covered-employee payroll	 \$ 879,802	 \$ 879,802
 Total OPEB liability as a percentage of covered-employee payroll	 104.22%	 117.52%

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

Schedule is intended to show information for 10 years. However, information prior to the 2022 valuation is not available. Additional years will be included as they become available.

Notes to Required Supplementary Information
Pay-As-You-Go Plan
Year Ended June 30, 2023

Valuation Date: 6/30/2023
Measurement Date: 6/30/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	4.27%
Inflation	2.50%
Healthcare Trend Rate	5.80% for 2023, grading down to 4.10% ultimate.
Salary Increase Rates	5.00%
Retirement Age	62 on average
Mortality Rates	The mortality rates are based on the Pub-2010 with mortality improvement projected for 10 years.

Other Supplementary Information

Combining Fund Financial Statements

Balance Sheet - Nonmajor Governmental Funds
June 30, 2023

	Trolley Fund	Convention Center Fund	Total
ASSETS			
Cash and cash equivalents	\$ 133,090	\$ 386,647	\$ 519,737
Prepaid items	16,880	-	16,880
Due from other governments	3,429	-	3,429
Total assets	<u>\$ 153,399</u>	<u>\$ 386,647</u>	<u>\$ 540,046</u>
LIABILITIES			
Reconciled overdraft	\$ 75,902	\$ -	\$ 75,902
Due to other funds	-	235,000	235,000
Total liabilities	<u>\$ 75,902</u>	<u>\$ 235,000</u>	<u>\$ 310,902</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 16,880	\$ -	\$ 16,880
Committed:			
Main Street revitalization	-	-	-
Trolley	60,617	-	60,617
Convention Center	-	151,647	151,647
Total fund balances (deficits)	<u>\$ 77,497</u>	<u>\$ 151,647</u>	<u>\$ 229,144</u>
Total liabilities and fund balances	<u>\$ 153,399</u>	<u>\$ 386,647</u>	<u>\$ 540,046</u>

Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2023

	Trolley Fund	Convention Center Fund	Total
Revenues:			
Other local taxes	\$ -	\$ 64,145	\$ 64,145
Revenue from use of money and property	-	33,740	33,740
Charges for services	1,829	-	1,829
Miscellaneous	-	282,645	282,645
Intergovernmental:			
Federal	25,102	-	25,102
Total revenues	\$ 26,931	\$ 380,530	\$ 407,461
Expenditures:			
Current:			
Parks, recreation and cultural	\$ -	\$ 103,883	\$ 103,883
Community development	219,170	-	219,170
Total expenditures	\$ 219,170	\$ 103,883	\$ 323,053
Excess (deficiency) of revenues over (under) expenditures	\$ (192,239)	\$ 276,647	\$ 84,408
Other financing sources (uses):			
Transfers in	\$ 164,554	\$ 110,000	\$ 274,554
Transfers (out)	-	(235,000)	(235,000)
Total other financing sources (uses)	\$ 164,554	\$ (125,000)	\$ 39,554
Changes in fund balances	\$ (27,685)	\$ 151,647	\$ 123,962
Fund balances at beginning of year	105,182	-	105,182
Fund balances (deficits) at end of year	\$ 77,497	\$ 151,647	\$ 229,144

Supporting Schedules

Governmental Funds

Schedule of Revenues - Budget and Actual

Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 656,500	\$ 656,500	\$ 679,820	\$ 23,320
Personal property taxes	225,000	225,000	286,235	61,235
Interest and penalties	15,807	15,807	22,003	6,196
Total general property taxes	\$ 897,307	\$ 897,307	\$ 988,058	\$ 90,751
Other local taxes:				
Local sales and use taxes	\$ 170,000	\$ 170,000	\$ 221,011	\$ 51,011
Consumers' utility taxes	217,000	217,000	212,476	(4,524)
Business license taxes	130,000	130,000	147,924	17,924
Motor vehicle licenses	82,000	82,000	89,140	7,140
Bank franchise tax	92,000	92,000	109,932	17,932
Transient occupancy tax	1,700,000	1,700,000	2,317,714	617,714
Cigarette tax	-	-	27,152	27,152
Meals taxes	1,200,000	1,200,000	1,478,677	278,677
Total other local taxes	\$ 3,591,000	\$ 3,591,000	\$ 4,604,026	\$ 1,013,026
Permits, privilege fees and regulatory licenses:				
Road permit fees	\$ 300	\$ 300	\$ 640	\$ 340
Zoning advertisements	1,000	1,000	1,690	690
Permits and other licenses	71,092	71,092	50,894	(20,198)
Total permits, privilege fees and regulatory licenses	\$ 72,392	\$ 72,392	\$ 53,224	\$ (19,168)
Fines and forfeitures:				
Court fines and forfeitures	\$ 22,850	\$ 22,850	\$ 22,464	\$ (386)
Total fines and forfeitures	\$ 22,850	\$ 22,850	\$ 22,464	\$ (386)
Revenue from use of money and property:				
Revenue from use of money	\$ 12,000	\$ 12,000	\$ 217,518	\$ 205,518
Revenue from use of property	44,348	44,348	71,633	27,285
Total revenue from use of money and property	\$ 56,348	\$ 56,348	\$ 289,151	\$ 232,803
Charges for services:				
911 dispatch for Assateague	\$ 12,500	\$ 12,500	\$ 12,739	\$ 239
Solid waste collection fees	416,500	416,500	410,126	(6,374)
Total charges for services	\$ 429,000	\$ 429,000	\$ 422,865	\$ (6,135)
Miscellaneous:				
Police donations	\$ 35,000	\$ 35,000	\$ 32,787	\$ (2,213)
Police miscellaneous	5,000	5,000	2,755	(2,245)
Cemetery cleanup donation	200	200	1,100	900
User fees	33,000	33,000	28,180	(4,820)
Robert Reed Park donations	1,000	1,000	4,540	3,540
Health insurance - retirees	15,000	15,000	17,108	2,108
Recovered costs from water fund	100,000	100,000	100,000	-
Miscellaneous	19,623	19,623	38,635	19,012
Total miscellaneous	\$ 208,823	\$ 208,823	\$ 225,105	\$ 16,282
Total revenue from local sources	\$ 5,277,720	\$ 5,277,720	\$ 6,604,893	\$ 1,327,173

Governmental Funds

Schedule of Revenues - Budget and Actual

Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home sales tax	\$ 6,500	\$ 6,500	\$ 4,801	\$ (1,699)
Auto rental tax	10,000	10,000	5,461	(4,539)
Personal property tax reimbursement	129,246	129,246	129,246	-
Communication taxes	90,000	90,000	78,329	(11,671)
Total noncategorical aid	\$ 235,746	\$ 235,746	\$ 217,837	\$ (17,909)
Categorical aid:				
Law enforcement grants	\$ 116,940	\$ 116,940	\$ 128,571	\$ 11,631
Fire department grant	15,000	15,000	-	(15,000)
Street and highway maintenance	727,662	727,662	853,376	125,714
EDA grant	100,000	100,000	-	(100,000)
VA commission for the arts grant	4,500	4,500	4,500	-
Total categorical aid	\$ 964,102	\$ 964,102	\$ 986,447	\$ 22,345
Total revenue from the Commonwealth	\$ 1,199,848	\$ 1,199,848	\$ 1,204,284	\$ 4,436
Revenue from the Federal Government:				
Noncategorical aid:				
Payment in lieu of taxes	\$ 6,500	\$ 6,500	\$ 7,070	\$ 570
Categorical aid:				
Police grants	\$ 46,077	\$ 46,077	\$ 115,963	\$ 69,886
CARES Act grant	344,000	344,000	2,985	(341,015)
Total categorical aid	\$ 390,077	\$ 390,077	\$ 118,948	\$ (271,129)
Total revenue from the federal government	\$ 396,577	\$ 396,577	\$ 126,018	\$ (270,559)
Total General Fund	\$ 6,874,145	\$ 6,874,145	\$ 7,935,195	\$ 1,061,050

Governmental Funds

Schedule of Revenues - Budget and Actual

Year Ended June 30, 2023 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Trolley Fund:				
Revenue from local sources:				
Charges for services:				
Charges for transportation	\$ 4,000	\$ 4,000	\$ 1,829	\$ (2,171)
Total revenue from local sources	\$ 4,000	\$ 4,000	\$ 1,829	\$ (2,171)
Revenue from the Federal Government:				
Categorical aid:				
Trolley demo grant	\$ 67,733	\$ 67,733	\$ 25,102	\$ (42,631)
Federal Grant - New Trolley	132,400	132,400	-	(132,400)
Total categorical aid	\$ 200,133	\$ 200,133	\$ 25,102	\$ (175,031)
Total revenue from the federal government	\$ 200,133	\$ 200,133	\$ 25,102	\$ (175,031)
Total Trolley Fund	\$ 204,133	\$ 204,133	\$ 26,931	\$ (177,202)
Convention Center Gen Fund:				
Revenue from local sources:				
Other local taxes:				
Meals tax	\$ 55,000	\$ 55,000	\$ 64,145	\$ 9,145
Total other local taxes	\$ 55,000	\$ 55,000	\$ 64,145	\$ 9,145
Revenue from use of money and property:				
Revenue from use of property	\$ 38,200	\$ 38,200	\$ 33,740	\$ (4,460)
Total from use of money and property	\$ 38,200	\$ 38,200	\$ 33,740	\$ (4,460)
Miscellaneous:				
Miscellaneous	\$ 850	\$ 850	\$ 282,645	\$ 281,795
Total miscellaneous	\$ 850	\$ 850	\$ 282,645	\$ 281,795
Total revenue from local sources	\$ 94,050	\$ 94,050	\$ 380,530	\$ 286,480
Total Convention Center Fund	\$ 94,050	\$ 94,050	\$ 380,530	\$ 286,480
Total Special Revenue Funds	\$ 298,183	\$ 298,183	\$ 407,461	\$ 109,278
Total Primary Government	\$ 7,172,328	\$ 7,172,328	\$ 8,342,656	\$ 1,170,328

Governmental Funds

Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2023

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Mayor	\$ 4,800	\$ 4,800	\$ 5,017	\$ (217)
Town Council	23,040	23,040	23,040	-
Total legislative	\$ 27,840	\$ 27,840	\$ 28,057	\$ (217)
General and financial administration:				
Town office staff	\$ 426,914	\$ 426,914	\$ 443,612	\$ (16,698)
Overtime	2,700	2,700	-	2,700
Social security	32,866	32,866	34,735	(1,869)
Hospitalization	43,953	43,953	40,716	3,237
Unemployment	2,300	2,300	1,443	857
Retirement	60,536	60,536	62,851	(2,315)
VRS life insurance	3,089	3,089	2,786	303
Bank charges	22,000	22,000	23,582	(1,582)
Building administration expenses	100	100	-	100
Cleaning	19,000	19,000	14,157	4,843
Board of zoning appeals	100	100	-	100
Building permit surcharge	1,000	1,000	1,538	(538)
Board of building code appeal	100	100	-	100
Permit cloud service	6,000	6,000	5,000	1,000
Insurance	165,000	165,000	166,988	(1,988)
Auditing	30,000	30,000	-	30,000
Donations	15,000	15,000	30,400	(15,400)
Tourism - 10% meals tax	110,000	110,000	129,857	(19,857)
ANPDC membership	7,000	7,000	7,000	-
Scholarship	2,000	2,000	3,000	(1,000)
Office supplies and publications	11,000	11,000	14,877	(3,877)
Office equipment and software maintenance	64,500	64,500	62,766	1,734
Postage	11,000	11,000	11,000	-
Tax bills and conversion	2,400	2,400	-	2,400
Gasoline and diesel	1,800	1,800	341	1,459
Vehicle maintenance	500	500	915	(415)
Travel and training	1,200	1,200	1,356	(156)
Mayor expense	300	300	116	184
Council's expense	1,000	1,000	1,064	(64)
Town manager's expense	500	500	507	(7)
Attorney/consultant	35,000	35,000	83,508	(48,508)
Drug and alcohol testing	2,000	2,000	2,641	(641)
Christmas dinner	2,500	2,500	630	1,870
Dues	3,000	3,000	2,513	487
Advertising and website	12,000	12,000	1,110	10,890
Building maintenance	12,000	12,000	1,404	10,596
Electricity	14,000	14,000	10,621	3,379
Heating oil and gas	7,500	7,500	3,145	4,355
Special projects	4,000	4,000	27,238	(23,238)

Governmental Funds

Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
General government administration: (Continued)				
General and financial administration: (Continued)				
Pony penning	\$ 13,500	\$ 13,500	\$ 14,767	\$ (1,267)
Deer de-pop program	500	500	37	463
Telephone bills	29,500	29,500	23,058	6,442
Health insurance - retirees	40,000	40,000	79,243	(39,243)
Health insurance - others	25,000	25,000	13,437	11,563
Retiree prescription drug assistance	3,500	3,500	3,364	136
Miscellaneous	4,000	4,000	4,894	(894)
911 Addressing	500	500	-	500
Cemetery cleanup donation	200	200	1,600	(1,400)
Old firehouse maintenance	10,000	10,000	18,931	(8,931)
VA commission for the arts	9,000	9,000	9,000	-
Surveillance System	-	-	14,443	(14,443)
Office equipment	5,000	5,000	4,944	56
ARPA Projects	344,000	344,000	-	344,000
Council room equipment/furniture	9,183	9,183	7,230	1,953
Total general and financial administration	\$ 1,629,741	\$ 1,629,741	\$ 1,388,365	\$ 241,376
Total general government administration	\$ 1,657,581	\$ 1,657,581	\$ 1,416,422	\$ 241,159
Public safety:				
Law enforcement and traffic control:				
Salaries for officers	\$ 742,152	\$ 742,152	\$ 686,761	\$ 55,391
Overtime	9,800	9,800	12,584	(2,784)
Social security	57,524	57,524	52,125	5,399
Hospitalization	107,016	107,016	126,897	(19,881)
Retirement	106,140	106,140	94,531	11,609
VRS life insurance	4,776	4,776	4,096	680
Gasoline	27,000	27,000	25,071	1,929
Travel and training	19,000	19,000	20,372	(1,372)
Uniform allowance (Officer's)	8,100	8,100	8,131	(31)
Uniforms (Town)	3,000	3,000	4,212	(1,212)
Office supplies and equipment maintenance	5,000	5,000	6,614	(1,614)
Equipment repairs and supplies	7,500	7,500	3,583	3,917
Vehicle maintenance	6,500	6,500	18,671	(12,171)
Drug enforcement	5,000	5,000	-	5,000
Academy dues	8,000	8,000	7,914	86
Bicycle patrol	500	500	-	500
Community/youth programs	30,000	30,000	20,968	9,032
Grant funded expenditures	25,000	25,000	-	25,000
Ammunition	3,000	3,000	2,702	298
Byrne/Just Assist Grant	-	-	4,427	(4,427)
LOLE-2023 Grant	-	-	4,115	(4,115)
LOLE-FY2022	-	-	737	(737)
Cell phone allowance	3,200	3,200	3,555	(355)
Police Accreditation	2,000	2,000	2,816	(816)
Sundry	1,500	1,500	935	565
Patrol vehicle	40,000	40,000	42,271	(2,271)

Governmental Funds

Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Law enforcement and traffic control: (Continued)				
Fingerprint scanner	\$ -	\$ -	\$ 1,535	\$ (1,535)
Computers and software	3,000	3,000	3,580	(580)
Software maintenance - cameras	6,500	6,500	-	6,500
LSV (for use by seasonal and SRO)	10,000	10,000	599	9,401
Other capital improvements	-	-	5,700	(5,700)
Total law enforcement and traffic control	\$ 1,241,208	\$ 1,241,208	\$ 1,165,502	\$ 75,706
Police Dispatch:				
Salaries for officers	\$ 192,389	\$ 192,389	\$ 211,456	\$ (19,067)
Overtime	2,700	2,700	3,587	(887)
Social security	14,924	14,924	15,433	(509)
Hospitalization	30,576	30,576	40,271	(9,695)
Retirement	20,876	20,876	21,270	(394)
VRS life insurance	1,003	1,003	902	101
Travel and training	2,500	2,500	1,906	594
Uniform allowance	1,200	1,200	1,260	(60)
Uniform (Town for dispatch)	650	650	701	(51)
Dispatch service agreement	12,000	12,000	12,000	-
Office supplies/equipment maintenance	14,500	14,500	17,577	(3,077)
Sundry	150	150	-	150
Total police dispatch	\$ 293,468	\$ 293,468	\$ 326,363	\$ (32,895)
Emergency Medical Services:				
Salaries	\$ 820,373	\$ 820,373	\$ 692,464	\$ 127,909
Overtime	71,674	71,674	75,607	(3,933)
Social security	68,243	68,243	55,801	12,442
Hospitalization	76,440	76,440	68,763	7,677
Retirement	91,787	91,787	73,355	18,432
VRS life insurance	4,409	4,409	3,347	1,062
Staff allowances	7,500	7,500	6,095	1,405
CVFC donation	31,500	31,500	25,669	5,831
VA Fire Programs/CVFC	15,000	15,000	-	15,000
Office supplies/equipment maintenance	1,300	1,300	559	741
Travel and training	2,000	2,000	346	1,654
Dues	500	500	290	210
EOC operations/training	3,000	3,000	3,263	(263)
VOLSAP	4,500	4,500	2,340	2,160
Total emergency medical services	\$ 1,198,226	\$ 1,198,226	\$ 1,007,899	\$ 190,327
Total public safety	\$ 2,732,902	\$ 2,732,902	\$ 2,499,764	\$ 233,138

Governmental Funds

Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public works:				
Administrative:				
Salaries	\$ 369,320	\$ 369,320	\$ 340,310	\$ 29,010
Overtime	5,500	5,500	3,323	2,177
Social security	28,673	28,673	24,330	4,343
Hospitalization	66,503	66,503	91,653	(25,150)
Retirement	52,369	52,369	58,883	(6,514)
VRS life insurance	2,516	2,516	2,583	(67)
Seasonal décor and banners	2,000	2,000	156	1,844
Office supplies	400	400	388	12
Street maintenance	1,000	1,000	925	75
Street signs/911	150	150	-	150
Street lights	23,000	23,000	23,964	(964)
Gasoline and diesel	30,000	30,000	26,794	3,206
Oil/grease	1,100	1,100	849	251
Tools/shop	2,500	2,500	6,547	(4,047)
Travel and training	500	500	40	460
Clothing and uniforms	5,500	5,500	6,483	(983)
Building maintenance	3,000	3,000	1,155	1,845
Equipment repairs	15,000	15,000	15,813	(813)
Safety	500	500	1,114	(614)
Vehicle maintenance	500	500	1,120	(620)
Tires	2,000	2,000	252	1,748
Garage supplies	4,000	4,000	2,271	1,729
Vehicle repairs	6,000	6,000	8,604	(2,604)
Electricity	13,000	13,000	16,602	(3,602)
LP gas	2,250	2,250	1,476	774
Tipping fees	1,000	1,000	3,171	(2,171)
Sanitation service contracts	420,000	420,000	415,437	4,563
Miscellaneous	1,500	1,500	(525)	2,025
Vandalism	500	500	301	199
Boat ramp	1,000	1,000	61	939
Boat ramp reserve	20,000	20,000	-	20,000
Memorial Park - pier and ramp repair	-	-	119,525	(119,525)
DJ Amrien Center repairs	25,000	25,000	100	24,900
Bridge Tender House restoration	5,000	5,000	-	5,000
Replacement backhoe	90,000	90,000	75,034	14,966
Septic System - chamber parcel	45,000	45,000	-	45,000
Chamber site public restrooms	55,000	55,000	-	55,000
Brianna's park lighting	20,000	20,000	-	20,000
Total administrative	\$ 1,321,281	\$ 1,321,281	\$ 1,248,739	\$ 72,542

Governmental Funds

Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public works: (Continued)				
Roads department:				
Salaries	\$ 124,822	\$ 124,822	\$ 63,597	\$ 61,225
Overtime	2,500	2,500	1,898	602
Social security	9,740	9,740	4,966	4,774
Hospitalization	18,110	18,110	10,117	7,993
Retirement	17,700	17,700	5,539	12,161
VRS life insurance	850	850	238	612
Snow removal	22,000	22,000	-	22,000
Pavement maintenance	405,000	405,000	489,005	(84,005)
Sidewalks and gutters	20,000	20,000	124,434	(104,434)
Drainage maintenance	5,000	5,000	15,654	(10,654)
Traffic control operations	2,000	2,000	2,278	(278)
Traffic control devices	3,000	3,000	589	2,411
Vehicles/equipment	289	289	122	167
Electricity	62,000	62,000	67,223	(5,223)
Total roads department	\$ 693,011	\$ 693,011	\$ 785,660	\$ (92,649)
Total public works	\$ 2,014,292	\$ 2,014,292	\$ 2,034,399	\$ (20,107)
Health:				
Mosquito control:				
Salaries	\$ 36,543	\$ 36,543	\$ 38,777	\$ (2,234)
Overtime	2,000	2,000	2,902	(902)
Social security	2,945	2,945	3,188	(243)
Insurance	8,000	8,000	-	8,000
Office supplies	50	50	-	50
Chemicals	50,000	50,000	109,558	(59,558)
Gasoline	6,000	6,000	5,572	428
Tools and small equipment	500	500	-	500
Contract spraying	26,000	26,000	11,380	14,620
Travel	100	100	23	77
Equipment repairs and maintenance	500	500	412	88
Safety equipment	100	100	-	100
Vehicle maintenance	1,000	1,000	40	960
Sundry	100	100	-	100
Total health	\$ 133,838	\$ 133,838	\$ 171,852	\$ (38,014)
Parks, recreation and cultural:				
Parks and recreation:				
Parks and recreation	\$ 30,000	\$ 30,000	\$ 63,962	\$ (33,962)
Total parks, recreation and cultural	\$ 30,000	\$ 30,000	\$ 63,962	\$ (33,962)
Capital Outlay:				
Smith Street Park project	\$ -	\$ -	\$ 21,979	\$ (21,979)
Total capital outlay	\$ -	\$ -	\$ 21,979	\$ (21,979)
Debt service:				
Principal retirement	\$ 45,164	\$ 45,164	\$ 45,164	\$ -
Interest and fiscal charges	4,547	4,547	4,547	-
Total debt service	\$ 49,711	\$ 49,711	\$ 49,711	\$ -
Total General Fund	\$ 6,618,324	\$ 6,618,324	\$ 6,258,089	\$ 360,235

Governmental Funds

Schedule of Expenditures - Budget and Actual

Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Trolley Fund:				
Community Development:				
Salaries	\$ 44,730	\$ 44,730	\$ 19,476	\$ 25,254
Social security	3,422	3,422	1,490	1,932
Insurance	3,400	3,400	-	3,400
Advertising	1,000	1,000	825	175
Printing and reproduction	2,600	2,600	1,253	1,347
Fuel	12,500	12,500	2,237	10,263
Communication services	800	800	-	800
Cleaning supplies	400	400	-	400
Equipment repairs and maintenance	6,500	6,500	9,124	(2,624)
Supplies and materials	500	500	-	500
Tires and tubes	1,200	1,200	-	1,200
Parts	750	750	603	147
Drug and alcohol testing	1,400	1,400	67	1,333
Education and training	800	800	-	800
Rent expense	15,000	15,000	15,000	-
Membership dues	250	250	250	-
Travel	500	500	100	400
Trolley purchase	165,500	165,500	168,745	(3,245)
Uniforms	1,400	1,400	-	1,400
Total Trolley Fund	\$ 262,652	\$ 262,652	\$ 219,170	\$ 43,482
Convention Center Fund:				
Parks, recreation and cultural:				
Salaries	\$ 37,702	37,702	\$ 2,933	\$ 34,769
Social security	2,869	2,869	224	2,645
Advertising	8,000	8,000	1,029	6,971
Marketing	3,000	3,000	-	3,000
Contract server	10,000	10,000	-	10,000
Educations & training	10,000	10,000	-	10,000
Travel & meals	500	500	-	500
Cleaning supplies	2,500	2,500	1,220	1,280
Supplies and materials	3,400	3,400	3,193	207
Office equipment	1,700	1,700	713	987
Office supplies	2,900	2,900	156	2,744
Contractual services	8,800	8,800	12,809	(4,009)
Membership/dues	500	500	-	500
Electricity	18,000	18,000	20,401	(2,401)
Propane	6,500	6,500	8,710	(2,210)
Telephone	1,500	1,500	1,886	(386)
Internet	1,500	1,500	1,484	16
Events Expense	6,400	6,400	3,965	2,435
HVAC	213,000	213,000	45,160	167,840
Total Convention Center Fund	\$ 338,771	\$ 338,771	\$ 103,883	\$ 234,888
Total Special Revenue Funds	\$ 601,423	\$ 601,423	\$ 323,053	\$ 278,370
Total Primary Government	\$ 7,219,747	\$ 7,219,747	\$ 6,581,142	\$ 638,605

Statistical Tables

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Public Safety	Public Works	Health	Parks Recreation and Cultural
2013-14	\$ 1,647,063	\$ 1,090,139	\$ 987,050	\$ 106,701	\$ 125,722
2014-15	1,665,614	967,967	1,544,112	103,309	83,815
2015-16	1,742,824	1,357,709	1,811,561	141,865	14,296
2016-17	1,942,453	1,133,551	1,876,825	192,283	75,925
2017-18	1,956,442	1,039,067	1,719,243	165,676	48,941
2018-19	1,278,819	1,727,219	1,899,527	146,469	80,085
2019-20	1,284,077	1,895,028	1,851,070	121,510	47,467
2020-21	1,353,196	1,994,573	2,381,684	103,906	38,030
2021-22	1,385,796	2,145,821	2,050,313	107,718	124,780
2022-23	1,002,367	2,581,139	2,076,244	171,852	150,053

Government-wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	Community Development	Interest on Debt	Water	Curtis Merritt Harbor	Total
2013-14	\$ 873,009	\$ 4,845	\$ 1,045,620	\$ 257,963	\$ 6,138,112
2014-15	149,149	2,799	952,458	254,511	5,723,734
2015-16	327,707	206	944,657	190,983	6,531,808
2016-17	116,011	-	978,436	227,970	6,543,454
2017-18	138,091	-	1,031,164	392,904	6,491,528
2018-19	558,190	-	964,936	532,869	7,188,114
2019-20	152,364	-	1,515,899	431,427	7,298,842
2020-21	147,165	1,876	1,086,841	453,021	7,560,292
2021-22	135,748	5,969	1,037,073	755,289	7,748,507
2022-23	118,865	4,547	1,062,352	696,347	7,863,766

Government-wide Revenues

Last Ten Fiscal Years

Program Revenues				
Fiscal Year		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2013-14	\$	1,714,263	\$ 879,295	\$ 537,999
2014-15		1,841,933	860,634	170,537
2015-16		1,785,292	926,130	207,380
2016-17		1,686,369	1,004,918	-
2017-18		2,021,422	898,987	48,131
2018-19		1,994,915	888,715	1,035,653
2019-20		1,872,671	898,490	604,213
2020-21		2,072,746	1,445,325	348,425
2021-22		2,180,531	1,058,720	90,371
2022-23		2,327,744	1,130,497	234,242

Government-wide Revenues

Last Ten Fiscal Years

Fiscal Year	General Revenues						Total
	General Property Taxes	Other Local Taxes	Grants and Contributions Not Restricted to Specific Programs	Revenues from the Use of Money	Miscellaneous		
2013-14	\$ 872,343	\$ 2,196,011	\$ 325,817	\$ 35,745	\$ 169,570	\$ 6,731,043	
2014-15	876,354	2,406,663	262,236	72,575	188,562	6,679,494	
2015-16	869,552	2,647,320	404,166	62,462	221,423	7,123,725	
2016-17	865,807	2,826,013	257,874	60,871	210,122	6,911,974	
2017-18	875,086	2,856,532	271,404	67,601	251,921	7,291,084	
2018-19	865,887	2,998,922	268,442	127,388	240,698	8,420,620	
2019-20	897,332	2,677,539	245,801	112,759	255,572	7,564,377	
2020-21	945,065	3,690,730	239,500	30,991	358,773	9,131,555	
2021-22	956,994	4,359,866	228,926	61,601	326,902	9,263,911	
2022-23	1,005,377	4,668,171	224,907	280,005	508,222	10,379,165	

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permit Privilege Fees and Regulatory Licenses	Fines and Forfeitures
2013-14	\$ 873,378	\$ 2,196,011	\$ 42,016	\$ 34,650
2014-15	881,529	2,406,663	40,577	29,165
2015-16	873,494	2,647,320	54,087	53,932
2016-17	859,505	2,826,013	47,732	47,498
2017-18	873,058	2,856,532	56,052	61,996
2018-19	889,676	2,998,922	46,156	44,897
2019-20	892,864	2,677,539	37,080	51,274
2020-21	949,072	3,690,730	62,980	32,087
2021-22	947,617	4,359,866	45,290	27,395
2022-23	988,058	4,668,171	53,224	22,464

(1) Includes General and Special Revenue Funds of the primary government.

General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	Revenues from the Use of Money and Property	Charges for Services	Miscellaneous	Inter-governmental	Total
2013-14	\$ 33,290	\$ 339,628	\$ 169,570	\$ 1,743,111	\$ 5,431,654
2014-15	67,359	417,536	188,562	1,293,407	5,324,798
2015-16	55,012	419,447	221,423	1,537,676	5,862,391
2016-17	53,562	419,747	229,791	1,262,792	5,746,640
2017-18	59,529	501,989	260,835	1,218,522	5,888,513
2018-19	112,098	401,050	237,702	2,099,060	6,829,561
2019-20	95,125	392,724	261,572	1,748,504	6,156,682
2020-21	29,928	401,429	587,633	1,923,183	7,677,042
2021-22	60,392	417,551	326,312	1,287,646	7,472,069
2022-23	322,891	424,694	507,750	1,355,404	8,342,656

(1) Includes General and Special Revenue Funds of the primary government.

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Administration	Public Safety	Public Works	Health
2013-14	\$ 1,577,293	\$ 1,081,265	\$ 1,545,364	\$ 106,701
2014-15	1,647,750	970,609	1,487,677	103,309
2015-16	1,707,869	1,340,155	1,729,143	141,865
2016-17	1,884,717	1,115,799	1,812,717	199,883
2017-18	1,926,079	1,032,632	1,753,972	229,387
2018-19	1,268,993	1,838,259	2,435,679	146,469
2019-20	1,824,350	1,904,540	2,409,753	121,510
2020-21	1,336,082	1,990,664	2,962,238	103,906
2021-22	1,406,443	2,294,472	2,051,187	107,718
2022-23	1,416,422	2,499,764	2,034,399	171,852

(1) Includes General and Special Revenue Funds of the primary government.

(2) Excludes capital outlay.

General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	Parks Recreation and Cultural	Community Development	Debt Service	Total
2013-14	\$ 82,181	\$ 815,009	\$ 82,840	\$ 5,290,653
2014-15	129,679	314,786	76,602	4,730,412
2015-16	37,519	612,357	34,855	5,603,763
2016-17	36,973	389,551	-	5,439,640
2017-18	22,408	84,378	-	5,048,856
2018-19	83,267	489,517	-	6,262,184
2019-20	24,273	83,691	-	6,368,117
2020-21	17,054	78,492	49,712	6,538,148
2021-22	103,804	67,075	49,712	6,080,411
2022-23	167,845	219,170	49,711	6,559,163

(1) Includes General and Special Revenue Funds of the primary government.

(2) Excludes capital outlay.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total (1) Tax Levy	Current Tax (1) Collections	Percent of Levy Collected	Delinquent (1) Tax (2) Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding (1) Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2013-14	\$ 979,583	\$ 935,795	95.53%	\$ 39,525	\$ 975,320	99.56%	\$ 47,520	4.85%
2014-15	974,701	945,178	96.97%	27,120	972,298	99.75%	50,166	5.15%
2015-16	990,406	967,532	97.69%	29,655	997,187	100.68%	40,681	4.11%
2016-17	991,528	965,055	97.33%	18,196	983,251	99.17%	48,270	4.87%
2017-18	1,003,738	980,014	97.64%	20,028	1,000,042	99.63%	50,204	5.00%
2018-19	1,004,904	985,267	98.05%	65,218	1,050,485	104.54%	30,301	3.02%
2019-20	1,010,041	980,277	98.05%	16,838	1,050,485	104.00%	40,454	4.01%
2020-21	1,047,653	1,008,743	97.05%	29,643	997,115	95.18%	27,305	2.61%
2021-22	1,093,752	1,044,244	95.47%	14,982	1,059,226	96.84%	34,651	3.17%
2022-23	1,141,923	1,071,106	93.80%	20,123	1,091,229	95.56%	56,041	4.91%

(1) Exclusive of penalties and interest.

(2) Does not include land redemptions.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Public Service (2)	Mobile Homes	Total
2013-14	\$ 922,922,700	\$ 37,800,840	\$ 12,080,080	\$ 5,381,671	\$ 978,185,291
2014-15	909,771,100	38,321,675	12,040,374	5,278,186	965,411,335
2015-16	915,073,300	39,732,541	12,167,820	5,147,357	972,121,018
2016-17	908,031,000	40,432,104	12,391,669	5,079,414	965,934,187
2017-18	915,807,500	42,407,580	12,376,369	4,977,420	975,568,869
2018-19	903,788,900	42,393,048	12,879,559	4,038,640	963,100,147
2019-20	914,124,100	42,160,105	12,794,436	4,032,914	973,111,555
2020-21	956,405,700	43,072,800	12,947,147	4,268,014	1,016,693,661
2021-22	961,880,800	48,076,572	12,523,785	4,311,500	1,026,792,657
2022-23	1,154,567,800	62,626,118	12,078,779	4,564,847	1,233,837,544

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

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

Property Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Public Service	
				Real Estate	Personal Property
2013-14	\$ 0.070	\$ 0.85	\$ 0.070	\$ 0.070	\$ 0.85
2014-15	0.070	0.85	0.070	0.070	0.85
2015-16	0.070	0.85	0.070	0.070	0.85
2016-17	0.070	0.85	0.070	0.070	0.85
2017-18	0.070	0.85	0.070	0.070	0.85
2018-19	0.070	0.85	0.070	0.070	0.85
2019-20	0.070	0.85	0.070	0.070	0.85
2020-21	0.070	0.85	0.070	0.070	0.85
2021-22	0.070	0.85	0.070	0.070	0.85
2022-23	0.059	0.72	0.059	0.059	0.72

(1) Per \$100 of assessed value.

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 (2)	Gross Bonded Debt (3)	Net Bonded Debt	Ratio of Net General Obligation Debt to Assessed Value	Net Bonded Debt per Capita
2013-14	2,941	\$ 978,185,291	\$ 1,732,174	\$ 1,732,174	0.18%	\$ 589
2014-15	2,941	965,411,335	1,354,372	1,354,372	0.14%	461
2015-16	2,941	972,121,018	1,043,743	1,043,743	0.11%	355
2016-17	2,941	965,934,187	786,707	786,707	0.08%	267
2017-18	2,941	975,568,869	1,409,429	1,409,429	0.14%	479
2018-19	2,941	963,100,147	1,220,617	1,220,617	0.13%	415
2019-20	2,941	973,111,555	965,301	965,301	0.10%	328
2020-21	3,328	1,016,693,661	715,843	715,843	0.07%	215
2021-22	3,287	1,026,792,657	626,658	626,658	0.06%	191
2022-23	3,271	1,233,837,544	535,676	535,676	0.04%	164

(1) Weldon Cooper Center for Public Service.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt.

Excludes revenue bonds, notes payable, and compensated absences.

Compliance



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

**To the Honorable Members of the Town Council
Town of Chincoteague, 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 Town of Chincoteague, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Chincoteague, Virginia's basic financial statements, and have issued our report thereon dated October 9, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Chincoteague, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 9, 2026