

TOWN OF ONANCOCK, VIRGINIA



FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF ONANCOCK, VIRGINIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

COUNCIL

Fletcher Fosque, Mayor

Joy Marino

Maphis Oswald

Brandon Brockmeier

Cynthia Holdren

Ray Burger III

Sarah Nock

OFFICIALS

Matt Spuck, Town Manager

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-8
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	9
Exhibit 2 Statement of Activities	10-11
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	12
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds	13
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities—Governmental Funds	14
Exhibit 6 Statement of Net Position—Proprietary Fund	15
Exhibit 7 Schedule of Revenues, Expenses and Changes in Net Position— Proprietary Fund	16
Exhibit 8 Statement of Cash Flows—Proprietary Fund	17
Notes to Financial Statements	18-49
<u>Required Supplementary Information:</u>	
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual—General Fund	50
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual—Special Revenue Fund	51
Exhibit 11 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	52-53
Exhibit 12 Schedule of Employer Contributions - Pension Plan	54
Exhibit 13 Notes to Required Supplementary Information - Pension Plan	55
Exhibit 14 Schedule of Town's Share of Net OPEB Liability - Group Life Insurance Plan	56
Exhibit 15 Schedule of Employer Contributions - Group Life Insurance Plan	57
Exhibit 16 Notes to Required Supplementary Information - Group Life Insurance Plan	58

Table of Contents (Continued)

Page

Other Supplementary Information:

Supporting Schedules:

Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	59-61
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	62-66

Statistical Information:

Table 1	Changes in Net Position	67-68
Table 2	Changes in Fund Balances—Governmental Funds	69-70
Table 3	Schedule of Legal Debt Margin	71-72
Table 4	Property Tax Levies and Collections	73
Table 5	Assessed Value of Taxable Property	74

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 <i>Government Auditing Standards</i>	75-76
---	-------



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Onancock, Virginia, as of and for the year ended June 30, 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 respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Onancock, Virginia, as of June 30, 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 Onancock, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Onancock, Virginia's basic financial statements. The accompanying 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 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 information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2024, on our consideration of the Town of Onancock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Onancock, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Onancock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Onancock, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 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 \$7,631,609 (net position). A majority of this amount, \$3,944,480, is invested in capital assets and is not available to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town reported a General Fund balance of \$2,538,816, an increase of \$788,219 from the prior year. The Town reported a Special Revenue Fund balance of \$529,783, an increase of \$498,964 from the prior year.
- The Town's total long-term obligations decreased from \$2,622,724 to \$2,552,112 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,631,609 at the close of the most recent fiscal year.

Town of Onancock, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 3,858,056	\$ 2,534,768	\$ 780,928	\$ 800,172	\$ 4,638,984	\$ 3,334,940
Capital assets	3,071,995	2,674,174	3,285,450	3,459,832	6,357,445	6,134,006
Total assets	\$ 6,930,051	\$ 5,208,942	\$ 4,066,378	\$ 4,260,004	\$ 10,996,429	\$ 9,468,946
Deferred outflows of resources	\$ 144,101	\$ 233,584	\$ 17,558	\$ 7,782	\$ 161,659	\$ 241,366
Total assets and deferred outflows of resources	\$ 7,074,152	\$ 5,442,526	\$ 4,083,936	\$ 4,267,786	\$ 11,158,088	\$ 9,710,312
Current liabilities	\$ 874,485	\$ 450,406	\$ 192,984	\$ 144,031	\$ 1,067,469	\$ 594,437
Long-term liabilities	373,395	319,014	2,264,622	2,386,467	2,638,017	2,705,481
Total liabilities	\$ 1,247,880	\$ 769,420	\$ 2,457,606	\$ 2,530,498	\$ 3,705,486	\$ 3,299,918
Deferred inflows of resources	\$ 117,938	\$ 356,287	\$ 97,823	\$ 93,238	\$ 215,761	\$ 449,525
Net position:						
Net investment in capital assets	\$ 3,027,910	\$ 2,611,343	\$ 916,569	\$ 969,833	\$ 3,944,479	\$ 3,581,176
Restricted for debt service	2,786,213	1,602,833	714,022	752,889	3,500,235	2,355,722
Unrestricted	(105,789)	102,643	(102,084)	(78,672)	(207,873)	23,971
Total net position	\$ 5,708,334	\$ 4,316,819	\$ 1,528,507	\$ 1,644,050	\$ 7,236,841	\$ 5,960,869
Total liabilities, deferred inflows of resources and net position	\$ 7,074,152	\$ 5,442,526	\$ 4,083,936	\$ 4,267,786	\$ 11,158,088	\$ 9,710,312

A large part of the Town's net position, \$3,944,480, reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$1,738,432 and business-type activities decreased net position by \$67,692. Key elements of these changes are as follows:

For the Years Ended June 30, 2023 and 2022							
	Governmental Activities		Business-type Activities		Totals		
	2023	2022	2023	2022	2023	2022	
Revenues:							
Program revenues:							
Charges for services	\$ 317,995	\$ 277,231	\$ 1,380,933	\$ 1,519,756	\$ 1,698,928	\$ 1,796,987	
Operating grants and contributions	731,932	743,619	-	-	731,932	743,619	
General revenues:							
General property taxes	580,180	595,180	-	-	580,180	595,180	
Other local taxes	501,970	482,509	-	-	501,970	482,509	
Other general revenues	279,319	139,480	13,520	(24,913)	292,839	114,567	
Total revenues	\$ 2,411,396	\$ 2,238,019	\$ 1,394,453	\$ 1,494,843	\$ 3,805,849	\$ 3,732,862	
Expenses:							
General government administration	\$ 419,704	\$ 357,450	\$ -	\$ -	\$ 419,704	\$ 357,450	
Public safety	378,330	458,809	-	-	378,330	458,809	
Public works	205,920	692,923	-	-	205,920	692,923	
Parks, recreation, and cultural	797,423	347,995	-	-	797,423	347,995	
Interest and other fiscal charges	4,936	3,670	-	-	4,936	3,670	
Water and Sewer Fund	-	-	723,563	9,498,050	723,563	9,498,050	
Total expenses	\$ 1,806,314	\$ 1,860,847	\$ 723,563	\$ 9,498,050	\$ 2,529,877	\$ 11,358,897	
Transfers in (out)	786,433	341,702	(786,433)	(341,702)	-	-	
Increase/(decrease) in net position	\$ 1,391,515	\$ 718,874	\$ (115,543)	\$ (8,344,909)	\$ 1,275,972	\$ (7,626,035)	
Net position, beginning	4,316,819	3,597,945	1,644,050	9,988,959	5,960,869	13,586,904	
Net position, ending	\$ 5,708,334	\$ 4,316,819	\$ 1,528,507	\$ 1,644,050	\$ 7,236,841	\$ 5,960,869	

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. At June 30, 2023, the Town's fund balances total was \$3,068,599, as the balance increased \$1,287,183 during the fiscal year.

General Fund Budgetary Highlights

The General Fund budget reflected revenues in the amount of \$1,575,848 and expenditures of \$1,692,514 (reference exhibit 9). Actual General Fund revenues totaled \$1,762,064 which was \$186,216 more than the final budget. General Fund expenditures totaled \$1,675,943 and were more than final budget amounts by \$16,571. Overall general expenditures exceeded revenues by \$202,787, reference Exhibit 9.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets (net of related debt) for its governmental activities as of June 30, 2022 totals \$3,071,996 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, infrastructure, and machinery and equipment. The Town's investment in capital assets for the current fiscal year increased by \$397,822. Net capital assets for the business-type activities decreased by \$174,382.

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

Debt

During the year, the Town decreased its business-type activities obligations by \$121,118. Annual requirements to amortize all long-term debt and related interest and other information relative to the Town's debt can be found in Note 5 to the financial statements.

Contact the Town's Financial Management

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

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental	Business-	Total
	Activities	type	
	Activities	Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 949,051	\$ -	\$ 949,051
Cash and cash equivalents - restricted	2,786,213	714,022	3,500,235
Receivables (net of allowance for uncollectibles):			
Property taxes	97,181	-	97,181
Accounts receivable	4,950	65,582	70,532
Prepaid items	20,661	1,324	21,985
Total Current Assets	\$ 3,858,056	\$ 780,928	\$ 4,638,984
Noncurrent Assets:			
Capital assets (net of depreciation):			
Land	\$ 1,067,694	\$ -	\$ 1,067,694
Construction in progress	35,489	-	35,489
Buildings and improvements	1,123,047	3,050,597	4,173,644
Machinery and equipment	326,162	45,528	371,690
Infrastructure	519,603	189,325	708,928
Total Capital Assets (net of accumulated depreciation)	\$ 3,071,995	\$ 3,285,450	\$ 6,357,445
Total Noncurrent Assets	\$ 3,071,995	\$ 3,285,450	\$ 6,357,445
Total Assets	\$ 6,930,051	\$ 4,066,378	\$ 10,996,429
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 137,499	\$ 16,928	\$ 154,427
OPEB related items	6,602	630	7,232
Total Deferred Outflows of Resources	\$ 144,101	\$ 17,558	\$ 161,659
Total Assets and Deferred Outflows of Resources	\$ 7,074,152	\$ 4,083,936	\$ 11,158,088
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 83,701	\$ 59,345	\$ 143,046
Accrued interest payable	-	6,201	6,201
Unearned revenue - current portion	775,563	4,889	780,452
Current portion of long-term obligations	15,221	122,549	137,770
Total Current Liabilities	\$ 874,485	\$ 192,984	\$ 1,067,469
Noncurrent Liabilities:			
Unearned revenue - long-term portion	\$ 223,675	\$ -	\$ 223,675
Noncurrent portion of long-term obligations	149,720	2,264,622	2,414,342
Total Noncurrent Liabilities	\$ 373,395	\$ 2,264,622	\$ 2,638,017
Total Liabilities	\$ 1,247,880	\$ 2,457,606	\$ 3,705,486
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 105,538	\$ 97,333	\$ 202,871
OPEB related items	12,400	490	12,890
Total Deferred Inflows of Resources	\$ 117,938	\$ 97,823	\$ 215,761
NET POSITION			
Net investment in capital assets	\$ 3,027,910	\$ 916,569	\$ 3,944,479
Restricted for debt service	2,786,213	714,022	3,500,235
Unrestricted	(105,789)	(102,084)	(207,873)
Total Net Position	\$ 5,708,334	\$ 1,528,507	\$ 7,236,841
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 7,074,152	\$ 4,083,936	\$ 11,158,088

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
Governmental activities:				
General government administration	\$ 419,704	\$ 2,100	\$ 233,450	\$ -
Public safety	378,330	14,186	177,154	-
Public works	205,920	95,091	53,340	-
Parks, recreation and cultural	797,423	206,618	267,988	-
Interest and other fiscal charges	4,936	-	-	-
Total governmental activities	\$ 1,806,314	\$ 317,995	\$ 731,932	\$ -
Business-type activities:				
Water and Sewer	723,563	1,380,933	-	-
Total primary government	\$ 2,529,877	\$ 1,698,928	\$ 731,932	\$ -

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
Governmental activities:			
General government administration	\$ (184,154)	\$ -	\$ (184,154)
Public safety	(186,990)	-	(186,990)
Public works	(57,489)	-	(57,489)
Parks, recreation and cultural	(322,817)	-	(322,817)
Interest and other fiscal charges	(4,936)	-	(4,936)
Total governmental activities	\$ (756,387)	\$ -	\$ (756,387)
Business-type activities:			
Water and Sewer	-	657,370	657,370
Total primary government	\$ (756,387)	\$ 657,370	\$ (99,017)
General revenues and transfers:			
General property taxes	\$ 580,180	\$ -	\$ 580,180
Local sales and use taxes	105,461	-	105,461
Consumers utility taxes	50,339	-	50,339
Meals taxes	258,830	-	258,830
Business license taxes	3,465	-	3,465
Bank franchise taxes	32,307	-	32,307
Other local taxes	51,568	-	51,568
Unrestricted revenues from use of money and property	127,842	13,520	141,362
Grants and contributions not restricted to specific programs	136,789	-	136,789
Miscellaneous	14,688	-	14,688
Transfers	786,433	(786,433)	-
Total general revenues and transfers	\$ 2,147,902	\$ (772,913)	\$ 1,374,989
Change in net position	\$ 1,391,515	\$ (115,543)	\$ 1,275,972
Net position - beginning	4,316,819	1,644,050	5,960,869
Net position - ending	\$ 5,708,334	\$ 1,528,507	\$ 7,236,841

Fund Financial Statements

Balance Sheet - Governmental Funds
June 30, 2023

	General Fund	Special Revenue Fund	Total General Fund
ASSETS			
Cash and cash equivalents	\$ 30,895	\$ 918,156	\$ 949,051
Cash and cash equivalents - restricted	2,786,213	-	2,786,213
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	97,181	-	97,181
Accounts receivable	4,950	-	4,950
Prepaid items	20,661	-	20,661
Total assets	<u>\$ 2,939,900</u>	<u>\$ 918,156</u>	<u>\$ 3,858,056</u>
LIABILITIES			
Accounts payable	\$ 69,275	\$ 14,426	\$ 83,701
Unearned revenue	230,525	768,713	999,238
Total liabilities	<u>\$ 299,800</u>	<u>\$ 783,139</u>	<u>\$ 1,082,939</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>\$ 101,284</u>	<u>\$ -</u>	<u>\$ 101,284</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 20,661	\$ -	\$ 20,661
Restricted:			
Debt service	2,786,213	-	2,786,213
Unassigned	(268,058)	135,017	(133,041)
Total fund balances	<u>\$ 2,538,816</u>	<u>\$ 135,017</u>	<u>\$ 2,673,833</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,939,900</u>	<u>\$ 918,156</u>	<u>\$ 3,858,056</u>

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

Total fund balances for governmental funds (see above) \$ 2,673,833

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

Land	\$ 1,067,694	
Construction in progress	35,489	
Buildings and improvements	1,123,047	
Machinery and equipment	326,162	
Infrastructure	519,603	3,071,995

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 101,284

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

Pension related items	\$ 137,499	
OPEB related items	6,602	144,101

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

Notes payable	\$ (44,085)	
Compensated absences	(29,564)	
Net pension liability	(61,407)	
Net OPEB liability	(29,885)	(164,941)

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

Pension related items	(105,538)	
OPEB related items	(12,400)	(117,938)

Total net position of government activities \$ 5,708,334

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

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

	General Fund	Special Revenue Fund	Total
Revenues:			
General property taxes	\$ 545,030	\$ -	\$ 545,030
Other local taxes	501,970	-	501,970
Permits, privilege fees and regulatory licenses	2,100	-	2,100
Fines and forfeitures	14,186	-	14,186
Revenue from use of money and property	84,742	37,239	121,981
Charges for services	301,709	-	301,709
Miscellaneous	14,688	-	14,688
Intergovernmental:			
Commonwealth	229,539	228,083	457,622
Federal	68,100	342,999	411,099
Total revenues	\$ 1,762,064	\$ 608,321	\$ 2,370,385
Expenditures:			
Current:			
General government administration	\$ 477,865	\$ -	\$ 477,865
Public safety	462,292	13,280	475,572
Public works	313,808	161,919	475,727
Parks, recreation and cultural	402,061	413,259	815,320
Debt service:			
Principal retirement	18,746	-	18,746
Interest and other fiscal charges	1,171	-	1,171
Total expenditures	\$ 1,675,943	\$ 588,458	\$ 2,264,401
Excess (deficiency) of revenues over (under) expenditures	\$ 86,121	\$ 19,863	\$ 105,984
Other financing sources (uses):			
Transfers in	\$ 702,098	\$ 84,335	\$ 786,433
Total other financing sources (uses)	\$ 702,098	\$ 84,335	\$ 786,433
Net change in fund balances	\$ 788,219	\$ 104,198	\$ 892,417
Fund balances, at beginning of year	1,750,597	30,819	1,781,416
Fund balances, at end of year	\$ 2,538,816	\$ 135,017	\$ 2,673,833

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 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	\$	892,417
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay	\$ 542,079	
Depreciation expense	<u>(131,894)</u>	410,185
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		
Disposed assets		(12,363)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		35,150
The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governments funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal repayments		18,746
Interest on long-term debt is not accrued in the governmental funds, but rather is recognized when paid.		2,096
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	\$ (1,415)	
Pension expense	56,812	
OPEB expense	<u>(10,113)</u>	45,284
Change in net position of governmental activities	\$	<u>1,391,515</u>

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

Statement of Net Position
Proprietary Fund
June 30, 2023

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents - restricted debt service	\$ 714,022
Accounts receivable, net of allowance for uncollectibles	65,582
Prepaid items	1,324
Total current assets	<u>\$ 780,928</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Buildings and improvements	\$ 3,050,597
Machinery and equipment	45,528
Infrastructure	189,325
Total capital assets (net of accumulated depreciation)	<u>\$ 3,285,450</u>
Total noncurrent assets	<u>\$ 3,285,450</u>
Total assets	<u>\$ 4,066,378</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 16,928
OPEB related items	630
Total deferred outflows of resources	<u>\$ 17,558</u>
Total assets and deferred outflows of resources	<u><u>\$ 4,083,936</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 59,345
Accrued interest payable	6,201
Unearned revenue	4,889
Bonds - current portion	122,018
Compensated absences - current portion	531
Total current liabilities	<u>\$ 192,984</u>
Noncurrent liabilities:	
Bonds - net of current portion	\$ 2,246,863
Compensated absences - net of current portion	4,780
Net pension liability	11,798
Net OPEB liability	1,181
Total noncurrent liabilities	<u>\$ 2,264,622</u>
Total liabilities	<u>\$ 2,457,606</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 97,333
OPEB related items	490
Total deferred inflows of resources	<u>\$ 97,823</u>
NET POSITION	
Net investment in capital assets	\$ 916,569
Restricted for debt service	714,022
Unrestricted	<u>(102,084)</u>
Total net position	<u>\$ 1,528,507</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 4,083,936</u></u>

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

Statement of Revenues, Expenses and Change in Net Position

Proprietary Fund

Year Ended June 30, 2023

	Enterprise Fund Water and Sewer Fund
Operating revenues:	
Charges for water services	\$ 548,375
Charges for sewer services	817,626
Penalties	12,765
Leachate revenue	2,167
Total operating revenues	<u>\$ 1,380,933</u>
Operating expenses:	
Water:	
Personnel services	\$ 97,850
Benefits	38,684
Contractual services	31,827
Other charges	64,754
Total water operating expenses	<u>\$ 233,115</u>
Sewer:	
Contractual services	\$ 250,490
Other charges	8,886
Total sewer operating expenses	<u>\$ 259,376</u>
Other operating expenses:	
Depreciation	\$ 174,382
Total other operating expenses	<u>\$ 174,382</u>
Total operating expenses	<u>\$ 666,873</u>
Net operating income (loss)	<u>\$ 714,060</u>
Nonoperating revenues (expenses):	
Interest income	\$ 13,520
Interest expense	(36,875)
Unrealized gain (loss) on investments	(19,815)
Total nonoperating revenues (expenses)	<u>\$ (43,170)</u>
Income (loss) before transfers	<u>\$ 670,890</u>
Transfers out	<u>\$ (786,433)</u>
Change in net position	<u>\$ (115,543)</u>
Net position - beginning	<u>\$ 1,644,050</u>
Net position - ending	<u><u>\$ 1,528,507</u></u>

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

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2023

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,361,727
Payments to employees (including fringe benefits)	(140,188)
Payments for operating activities	<u>(309,685)</u>
Net cash provided by (used for) operating activities	\$ <u>911,854</u>
Cash flows from noncapital financing activities:	
Transfers	\$ <u>(786,433)</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(786,433)</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (121,118)
Unrealized gain (loss) on investments	(19,815)
Interest expense	<u>(36,875)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(177,808)</u>
Cash flows from investing activities:	
Interest income	\$ <u>13,520</u>
Increase (decrease) in cash and cash equivalents	\$ (38,867)
Cash and cash equivalents at beginning of year (includes restricted)	<u>752,889</u>
Cash and cash equivalents at end of year (includes restricted)	<u><u>\$ 714,022</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 714,060
Adjustments to reconcile operating income (loss) to net cash provided provided by (used for) operating activities:	
Depreciation	174,382
Changes in operating activities:	
(Increase) decrease in accounts receivable	(21,220)
(Increase) decrease in prepaid items	234
(Increase) decrease in deferred outflows of resources	(9,776)
Increase (decrease) in accounts payable	46,038
Increase (decrease) in unearned revenue	2,014
Increase (decrease) in compensated absences	8
Increase (decrease) in net pension liability	13,161
Increase (decrease) in net OPEB liability	(11,632)
Increase (decrease) in deferred inflows of resources	<u>4,585</u>
Net cash provided by (used for) operating activities	\$ <u><u>911,854</u></u>

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

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

Financial Statement Presentation: (Continued)

Statement of Activities (Continued)

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

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

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

A. Financial Reporting Entity

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

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

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

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

2. Proprietary Funds

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

Enterprise Funds

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

C. Budgets and Budgetary Accounting

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

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

D. Cash and Cash Equivalents

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

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

E. Prepaid Items

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

F. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2023, the allowance for uncollectible general property taxes totaled \$54,825 and \$5,253 for water and sewer receivables.

G. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was zero interest attributable to capitalized assets at June 30, 2023.

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

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

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

H. Compensated Absences

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

I. Use of Estimates

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

J. Long-Term Obligations

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

K. Fund Balance

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

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

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

K. Fund Balance: (Continued)

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

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

L. Net Position

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

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

M. Net Position Flow Assumption

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

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

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

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

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

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

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

NOTE 2—PROPERTY TAXES RECEIVABLE:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 3—DEPOSITS:

Deposits

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

Investments

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

Credit Risk of Debt Securities

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

Town's Rated Debt Investment's Value			
Rated Debt Investments	Fair Quality Ratings		
	AAAm	AA+f	
Virginia Investment Pool - Stable NAV Liquidity	\$ 3,055,760	\$	-
Virginia Investment Pool - 1-3 Year High Quality Bond Fund	-		1,362,632
Total	\$ 3,055,760		1,362,632

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Virginia Investment Pool	\$ 4,418,392	\$ 3,055,760	\$ 1,362,632
Total	\$ 4,418,392	\$ 3,055,760	\$ 1,362,632

Fair Value Measurements and Redemption Restrictions

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 3—DEPOSITS: (CONTINUED)

Restricted Cash

The Town has the following restricted cash at June 30, 2023:

	Governmental Activities	Business-type Activities	
	General Fund	Water and Sewer Fund	Total
Restricted: Debt Service	\$ 2,786,213	\$ 714,022	\$ 3,500,235

NOTE 4—CAPITAL ASSETS:

The following is a summary of changes of governmental activities capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,067,694	\$ -	\$ -	\$ 1,067,694
Construction in progress	-	35,489	-	35,489
Total capital assets not being depreciated	\$ 1,067,694	\$ 35,489	\$ -	\$ 1,103,183
Capital assets being depreciated:				
Buildings and improvements	\$ 1,921,594	\$ 16,750	\$ 51,392	\$ 1,886,952
Machinery and equipment	431,878	206,227	41,337	596,768
Infrastructure	1,401,760	283,612	-	1,685,372
Total capital assets being depreciated	\$ 3,755,232	\$ 506,589	\$ 92,729	\$ 4,169,092
Accumulated depreciation:				
Buildings and improvements	\$ 758,196	\$ 52,323	\$ 46,614	\$ 763,905
Machinery and equipment	264,558	39,800	33,752	270,606
Infrastructure	1,125,998	39,771	-	1,165,769
Total accumulated depreciation	\$ 2,148,752	\$ 131,894	\$ 80,366	\$ 2,200,280
Total capital assets being depreciated, net	\$ 1,606,480	\$ 374,695	\$ 12,363	\$ 1,968,812
Net capital assets	\$ 2,674,174	\$ 410,184	\$ 12,363	\$ 3,071,995

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes of business-type activities capital assets for the fiscal year ended June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Business-type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 5,313,469	\$ -	\$ -	\$ 5,313,469
Machinery and equipment	260,499	-	-	260,499
Infrastructure	965,798	-	-	965,798
Total capital assets being depreciated	\$ 6,539,766	\$ -	\$ -	\$ 6,539,766
Accumulated depreciation:				
Buildings and improvements	\$ 2,128,171	\$ 134,701	\$ -	\$ 2,262,872
Machinery and equipment	207,483	7,488	-	214,971
Infrastructure	744,280	32,193	-	776,473
Total accumulated depreciation	\$ 3,079,934	\$ 174,382	\$ -	\$ 3,254,316
Total capital assets being depreciated, net	\$ 3,459,832	\$ (174,382)	\$ -	\$ 3,285,450
Net capital assets	\$ 3,459,832	\$ (174,382)	\$ -	\$ 3,285,450

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 12,005
Public safety	18,882
Public works	54,148
Parks, recreation, and cultural	46,859
Total governmental activities	\$ 131,894

Business-type activities:

Water and sewer	\$ 174,382
Total business-type activities	\$ 174,382

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS:

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

	<u>Balance</u> <u>July 1, 2022</u>	<u>Issuances/</u> <u>Increases</u>	<u>Retirements/</u> <u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities					
Direct borrowings and direct placements:					
Notes payable	\$ 62,831	\$ -	\$ 18,746	\$ 44,085	\$ 12,265
Compensated absences	28,149	7,328	5,913	29,564	2,956
Net pension liability	-	220,102	158,695	61,407	-
Net OPEB liability	23,629	29,178	22,922	29,885	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	\$ <u>114,609</u>	\$ <u>256,608</u>	\$ <u>206,276</u>	\$ <u>164,941</u>	\$ <u>15,221</u>
Business-type Activities					
Direct borrowings and direct placements:					
General obligation bonds	\$ 2,489,999	\$ -	\$ 121,118	\$ 2,368,881	\$ 122,018
Compensated absences	5,303	1,062	1,054	5,311	531
Net pension liability	-	46,709	34,911	11,798	-
Net OPEB liability	12,813	701	12,333	1,181	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Business-type Activities	\$ <u>2,508,115</u>	\$ <u>48,472</u>	\$ <u>169,416</u>	\$ <u>2,387,171</u>	\$ <u>122,549</u>

TOWN OF ONANCOCK, 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	
	Direct Borrowings and Direct Placements			
	Notes Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2024	\$ 12,265	\$ 839	\$ 122,018	\$ 35,975
2025	12,528	577	122,955	35,037
2026	12,795	308	123,932	34,061
2027	6,497	52	124,950	33,043
2028	-	-	126,010	31,982
2029	-	-	127,115	30,878
2030	-	-	128,266	29,726
2031	-	-	129,466	28,527
2032	-	-	130,715	27,277
2033	-	-	132,017	25,975
2034	-	-	133,374	24,619
2035	-	-	134,787	23,206
2036	-	-	136,260	21,733
2037	-	-	137,794	20,199
2038	-	-	133,280	18,600
2039	-	-	41,421	16,935
2040	-	-	43,156	15,200
2041	-	-	44,964	13,392
2042	-	-	46,848	11,508
2043	-	-	48,811	9,545
2044	-	-	50,855	7,501
2045	-	-	52,986	5,370
2046	-	-	55,205	3,151
2047	-	-	41,696	845
Total	\$ 44,085	\$ 1,776	\$ 2,368,881	\$ 504,285

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations at June 30, 2023 are as follows:

Governmental Activities Obligations:

Direct Borrowings and Direct Placements:

Notes Payable:

Note payable, USDA, payable in quarterly installments of \$3,277 through November 2026, interest at 2.125% \$ 44,085

Total Notes Payable \$ 44,085

Compensated Absences 29,564

Net Pension Liability 61,407

Net OPEB Liability 29,885

Total Governmental Activities Obligations \$ 164,941

Business-type Activities Obligations:

Direct Borrowings and Direct Placements:

General Obligation Bonds:

\$1,070,000 USDA Rural Development General Obligation Bond issued February 1, 2007, payable in quarterly installments of \$13,975 through February 2047, interest at 4.125% \$ 843,408

\$47,000 USDA Rural Development General Obligation Water Bond issued dated April 25, 2006, payable in quarterly installments of \$614 through October 2046, interest at 4.125% 37,036

\$2,989,099 Virginia Resources Authority General Obligation Bond issued September 1, 2008, payable in semi-annual installments of \$49,818 through March 2038, interest at 0.00% 1,488,437

Total General Obligation Bonds \$ 2,368,881

Compensated Absences 5,311

Net Pension Liability 11,798

Net OPEB Liability 1,181

Total Business-type Activities Obligations \$ 2,387,171

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 6—UNEARNED/UNAVAILABLE REVENUE:

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

Unavailable Property Tax Revenue - Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$101,284 at June 30, 2023.

Unearned Revenue Governmental Funds - The Town has received a payment in the amount of \$274,000 for use of a water tower for 40 years. The Town also received a payment of \$1,256,432 from the American Rescue Plan Act (ARPA) Grant, which had not yet been fully spent as of year-end. At June 30, 2023, the current portion of unearned revenue is \$775,563 and the long-term portion is \$223,675.

Unearned Revenue Proprietary Funds - The Town has received funds from the state and federal government to aid in funding for the wastewater treatment plant. The Town has also received prepayments on customer accounts. These amounts total \$4,889 at June 30, 2023.

NOTE 7—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>
General	\$ 702,098	\$ -
Special Revenue	84,335	-
Water and Sewer	-	786,433
Total	\$ <u>786,433</u>	\$ <u>786,433</u>

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

NOTE 8—PENSION PLAN:

Plan Description

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

Benefit Structures

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

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

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

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

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	15
Inactive members:	
Vested inactive members	4
Non-vested inactive members	11
Inactive members active elsewhere in VRS	3
Total inactive members	18
Active members	15
Total covered employees	48

NOTE 8—PENSION PLAN: (CONTINUED)

Contributions

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

The Town’s contractually required employer contribution rate for the year ended June 30, 2023 was 13.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$68,454 and \$75,617 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 less that employer’s fiduciary net position. The Town’s net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

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 Employee Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

Mortality rates: (Continued)

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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 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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 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 discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	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. The 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 is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 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

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 2,873,776	\$ 2,909,642	\$ (35,866)
Changes for the year:			
Service cost	\$ 97,492	\$ -	\$ 97,492
Interest	196,357	-	196,357
Benefit changes	-	-	-
Differences between expected and actual experience	(84,232)	-	(84,232)
Assumption changes	-	-	-
Contributions - employer	-	75,618	(75,618)
Contributions - employee	-	29,270	(29,270)
Net investment income	-	(2,597)	2,597
Benefit payments, including refunds	(124,556)	(124,556)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(1,813)	1,813
Other changes	-	68	(68)
Net changes	\$ 85,061	\$ (24,010)	\$ 109,071
Balances at June 30, 2022	\$ 2,958,837	\$ 2,885,632	\$ 73,205

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability (Asset)	\$ 474,172	\$ 73,205	\$ (254,366)

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 \$22,273. 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	\$ -	\$ 59,510
Change in assumptions	25,059	-
Net difference between projected and actual earnings on pension plan investments	-	82,446
Change in proportionate share	66,220	66,220
Employer contributions subsequent to the measurement date	68,454	-
Total	\$ 159,733	\$ 208,176

NOTE 8—PENSION PLAN: (CONTINUED)

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

\$68,454 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 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	\$ (52,814)
2025	(48,581)
2026	(55,157)
2027	39,655
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 <http://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 9—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

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

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the 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 Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 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 \$2,886 and \$3,036 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.

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

At June 30, 2023, the entity reported a liability of \$31,066 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 Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00260% as compared to 0.00310% at June 30, 2021.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

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

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

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$510. 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	\$ 2,460	\$ 1,246
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,941
Change in assumptions	1,159	3,026
Changes in proportion	727	6,677
Employer contributions subsequent to the measurement date	2,886	-
Total	<u>\$ 7,232</u>	<u>\$ 12,890</u>

\$2,886 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	\$ (1,802)
2025	(1,583)
2026	(2,676)
2027	(980)
2028	(1,503)
Thereafter	-

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 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 Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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 Scale:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 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 ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	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. The 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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 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

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

Discount Rate: (Continued)

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.

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	\$	45,204	\$ 31,066	\$ 19,640

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 <http://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 10—CONTINGENT LIABILITIES:

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

At June 30, 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—SURETY BONDS:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2023 (Continued)

NOTE 12—RISK MANAGEMENT:

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

NOTE 13—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.

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.

NOTE 14—COVID-19 PANDEMIC FUNDING:

ARPA Funding

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

In June of 2021, the Town received its share of the first half of the CSLFRF funds in the amount of \$628,216, the second half of the funds, also in the amount of \$628,216 were received in July of 2023. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$768,713 from the initial allocation are reported as unearned revenue as of June 30.

Required Supplementary Information

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

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 528,998	\$ 528,998	\$ 545,030	\$ 16,032
Other local taxes	422,955	422,955	501,970	79,015
Permits, privilege fees and regulatory licenses	1,500	1,500	2,100	600
Fines and forfeitures	8,000	8,000	14,186	6,186
Revenue from use of money and property	19,090	19,090	84,742	65,652
Charges for services	311,100	311,100	301,709	(9,391)
Miscellaneous	4,941	4,941	14,688	9,747
Intergovernmental:				
Commonwealth	230,264	230,264	229,539	(725)
Total revenues	<u>\$ 1,575,848</u>	<u>\$ 1,575,848</u>	<u>\$ 1,762,064</u>	<u>\$ 186,216</u>
Expenditures:				
Current:				
General government administration	\$ 484,789	\$ 484,789	\$ 477,865	\$ 6,924
Public safety	519,082	519,082	462,292	56,790
Public works	271,891	271,891	313,808	(41,917)
Parks, recreation and cultural	345,717	345,717	402,061	(56,344)
Debt service:				
Principal retirement	71,035	71,035	18,746	52,289.00
Interest and other fiscal charges	-	-	1,171	(1,171)
Total expenditures	<u>\$ 1,692,514</u>	<u>\$ 1,692,514</u>	<u>\$ 1,675,943</u>	<u>\$ 16,571</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (116,666)</u>	<u>\$ (116,666)</u>	<u>\$ 86,121</u>	<u>\$ 202,787</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 702,098	\$ 702,098
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 702,098</u>	<u>\$ 702,098</u>
Changes in fund balance	\$ (116,666)	\$ (116,666)	\$ 788,219	\$ 904,885
Fund balance at beginning of year	<u>116,666</u>	<u>116,666</u>	<u>1,750,597</u>	<u>1,633,931</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,538,816</u></u>	<u><u>\$ 2,538,816</u></u>

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Special Revenue Fund

Year Ended June 30, 2023

	Special Revenue Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Revenue from use of money and property	\$ -	\$ -	\$ 37,239	\$ 37,239
Intergovernmental:				
Commonwealth	270,000	270,000	228,083	(41,917)
Federal	1,181,216	1,181,216	342,999	(838,217)
Total revenues	\$ 1,451,216	\$ 1,451,216	\$ 608,321	\$ (842,895)
Expenditures:				
Current:				
Public safety	\$ -	\$ -	\$ 13,280	\$ (13,280)
Public works	944,000	944,000	161,919	782,081
Parks, recreation and cultural	455,000	455,000	413,259	41,741
Total expenditures	\$ 1,399,000	\$ 1,399,000	\$ 588,458	\$ 810,542
Excess (deficiency) of revenues over (under) expenditures	\$ 52,216	\$ 52,216	\$ 19,863	\$ (32,353)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 84,335	\$ 84,335
Total other financing sources (uses)	\$ -	\$ -	\$ 84,335	\$ 84,335
Changes in fund balance	\$ 52,216	\$ 52,216	\$ 104,198	\$ 51,982
Fund balance at beginning of year	(52,216)	(52,216)	30,819	83,035
Fund balance at end of year	\$ -	\$ -	\$ 135,017	\$ 135,017

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	2018
Total pension liability					
Service cost	\$ 97,492	\$ 86,170	\$ 85,510	\$ 77,864	\$ 55,828
Interest	196,357	175,778	166,082	143,253	136,229
Changes of benefit terms	-	-	-	193,358	-
Differences between expected and actual experience	(84,232)	(38,495)	(251)	29,830	3,343
Changes in assumptions	-	95,645	-	75,672	-
Benefit payments, including refunds of employee contributions	(124,556)	(98,870)	(116,544)	(95,398)	(94,717)
Net change in total pension liability	\$ 85,061	\$ 220,228	\$ 134,797	\$ 424,579	\$ 100,683
Total pension liability - beginning	<u>2,873,776</u>	<u>2,653,548</u>	<u>2,518,751</u>	<u>2,094,172</u>	<u>1,993,489</u>
Total pension liability - ending (a)	<u>\$ 2,958,837</u>	<u>\$ 2,873,776</u>	<u>\$ 2,653,548</u>	<u>\$ 2,518,751</u>	<u>\$ 2,094,172</u>
Plan fiduciary net position					
Contributions - employer	\$ 75,618	\$ 84,808	\$ 98,393	\$ 92,621	\$ 62,978
Contributions - employee	29,270	32,547	32,313	28,833	27,687
Net investment income	(2,597)	627,520	43,567	139,097	141,513
Benefit payments, including refunds of employee contributions	(124,556)	(98,870)	(116,544)	(95,398)	(94,717)
Administrative expense	(1,813)	(1,503)	(1,399)	(1,310)	(1,201)
Other	68	59	(51)	(87)	(127)
Net change in plan fiduciary net position	\$ (24,010)	\$ 644,561	\$ 56,279	\$ 163,756	\$ 136,133
Plan fiduciary net position - beginning	<u>2,909,642</u>	<u>2,265,081</u>	<u>2,208,802</u>	<u>2,045,046</u>	<u>1,908,913</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,885,632</u>	<u>\$ 2,909,642</u>	<u>\$ 2,265,081</u>	<u>\$ 2,208,802</u>	<u>\$ 2,045,046</u>
Town's net pension liability (asset) - ending (a) - (b)	\$ 73,205	\$ (35,866)	\$ 388,467	\$ 309,949	\$ 49,126
Plan fiduciary net position as a percentage of the total pension liability	97.53%	101.25%	85.36%	87.69%	97.65%
Covered payroll	\$ 578,234	\$ 646,543	\$ 638,697	\$ 600,509	\$ 578,066
Town's net pension liability (asset) as a percentage of covered payroll	12.66%	-5.55%	60.82%	51.61%	8.50%

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

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

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

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

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2023	\$ 68,454	\$ 68,454	\$ -	\$ 534,486	12.81%
2022	75,617	75,617	-	578,234	13.08%
2021	84,809	84,809	-	646,543	13.12%
2020	98,394	98,394	-	638,697	15.41%
2019	92,621	92,621	-	600,509	15.42%
2018	62,954	62,954	-	578,066	10.89%
2017	30,458	30,458	-	575,774	5.29%
2016	34,429	34,429	-	571,914	6.02%
2015	35,729	35,729	-	593,511	6.02%
2014	32,661	32,661	-	582,194	5.61%

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Schedule of Town's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 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>
Primary Government:					
2022	0.0026%	\$ 31,066	\$ 562,234	5.53%	67.21%
2021	0.0031%	36,442	646,543	5.64%	67.45%
2020	0.0031%	51,734	638,697	8.10%	52.64%
2019	0.0031%	49,794	600,509	8.29%	52.00%
2018	0.0030%	47,000	578,066	8.13%	51.22%
2017	0.0031%	47,000	575,774	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2014 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
Primary Government					
2023	\$ 2,886	\$ 2,886	\$ -	\$ 534,486	0.54%
2022	3,036	3,036	-	562,234	0.54%
2021	3,491	3,491	-	646,543	0.54%
2020	3,321	3,321	-	638,697	0.52%
2019	3,123	3,123	-	600,509	0.52%
2018	3,006	3,006	-	578,066	0.52%
2017	2,994	2,994	-	575,774	0.52%
2016	2,880	2,880	-	599,914	0.48%
2015	2,849	2,849	-	593,511	0.48%
2014	2,795	2,795	-	582,194	0.48%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2023

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Other Supplementary Information

Supporting Schedules

General Fund and Special Revenue Fund
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 394,038	\$ 394,038	\$ 421,820	\$ 27,782
Public service corporation taxes	15,000	15,000	13,332	(1,668)
Personal property taxes	108,687	108,687	102,175	(6,512)
Penalties and interest	11,273	11,273	7,703	(3,570)
Total general property taxes	\$ 528,998	\$ 528,998	\$ 545,030	\$ 16,032
Other local taxes:				
Local sales and use taxes	\$ 89,000	\$ 89,000	\$ 105,461	\$ 16,461
Consumers' utility taxes	52,500	52,500	50,339	(2,161)
Business license taxes	3,450	3,450	3,465	15
Motor vehicle licenses	18,000	18,000	26,348	8,348
Bank franchise tax	42,000	42,000	32,307	(9,693)
Transient occupancy tax	28,000	28,000	25,220	(2,780)
Meals taxes	190,005	190,005	258,830	68,825
Total other local taxes	\$ 422,955	\$ 422,955	\$ 501,970	\$ 79,015
Permits, privilege fees and regulatory licenses:				
Zoning fees	\$ 1,500	\$ 1,500	\$ 2,100	\$ 600
Fines and Forfeitures:				
Court fines and forfeitures	\$ 8,000	\$ 8,000	\$ 14,186	\$ 6,186
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 64,728	\$ 64,728
Revenue from use of property	19,090	19,090	20,014	924
Total revenue from use of money and property	\$ 19,090	\$ 19,090	\$ 84,742	\$ 65,652
Charges for services:				
Boat dockage and ramp fees	\$ 63,100	\$ 63,100	\$ 72,325	\$ 9,225
Wharf - fuel sales	125,000	125,000	121,932	(3,068)
Wharf - general	6,500	6,500	4,971	(1,529)
Wharf - electric	10,000	10,000	7,390	(2,610)
Trash collections	102,000	102,000	90,576	(11,424)
Grass cutting	4,500	4,500	4,515	15
Total charges for services	\$ 311,100	\$ 311,100	\$ 301,709	\$ (9,391)

General Fund and Special Revenue Fund
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 From Amended Budget Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 4,941	\$ 4,941	\$ 14,688	\$ 9,747
Total miscellaneous	\$ 4,941	\$ 4,941	\$ 14,688	\$ 9,747
Total revenue from local sources	\$ 1,296,584	\$ 1,296,584	\$ 1,464,425	\$ 167,841
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 72,000	\$ 72,000	\$ 68,525	\$ (3,475)
PPTRA	68,264	68,264	68,264	-
Total noncategorical aid	\$ 140,264	\$ 140,264	\$ 136,789	\$ (3,475)
Categorical aid:				
State fire grant	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Police aid	66,000	66,000	63,468	(2,532)
Highway safety grant	6,000	6,000	8,257	2,257
Litter control grant	1,250	1,250	3,025	1,775
Virginia commission of the arts	1,750	1,750	3,000	1,250
Total categorical aid	\$ 90,000	\$ 90,000	\$ 92,750	\$ 2,750
Total revenue from the Commonwealth	\$ 230,264	\$ 230,264	\$ 229,539	\$ (725)
Revenue from the Federal Government:				
Categorical aid:				
Rural development grant	\$ 49,000	\$ 49,000	\$ 68,100	\$ 19,100
Total categorical aid	\$ 49,000	\$ 49,000	\$ 68,100	\$ 19,100
Total revenue from the federal government	\$ 49,000	\$ 49,000	\$ 68,100	\$ 19,100
Total General Fund	\$ 1,575,848	\$ 1,575,848	\$ 1,762,064	\$ 186,216

General Fund and Special Revenue Fund
 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 From Amended Budget Positive (Negative)
Special Revenue Fund				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 37,239	\$ 37,239
Total revenue from use of money and property	\$ -	\$ -	\$ 37,239	\$ 37,239
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wharf grant	\$ 270,000	\$ 270,000	\$ 224,954	\$ (45,046)
Miscellaneous grants	-	-	3,129	3,129
Total categorical aid	\$ 270,000	\$ 270,000	\$ 228,083	\$ (41,917)
Total revenue from the Commonwealth	\$ 270,000	\$ 270,000	\$ 228,083	\$ (41,917)
Revenue from the Federal Government:				
Categorical aid:				
Police aid	\$ -	\$ -	\$ 22,329	\$ 22,329
CDBG grants	489,000	489,000	47,186	(441,814)
American Rescue Plan Act (ARPA) grant	628,216	628,216	233,450	(394,766)
Wharf grant	64,000	64,000	40,034	(23,966)
Total categorical aid	\$ 1,181,216	\$ 1,181,216	\$ 342,999	\$ (838,217)
Total revenue from the federal government	\$ 1,181,216	\$ 1,181,216	\$ 342,999	\$ (838,217)
Total Special Revenue Fund	\$ 1,451,216	\$ 1,451,216	\$ 608,321	\$ (842,895)
Total Primary Government	\$ 3,027,064	\$ 3,027,064	\$ 2,370,385	\$ (656,679)

General Fund and Special Revenue Fund
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 and council	\$ 14,200	\$ 14,200	\$ 14,054	\$ 146
Payroll taxes	1,219	1,219	1,075	144
Town attorney	4,500	4,500	18,000	(13,500)
Election costs	-	-	753	(753)
Liability insurance	4,154	4,154	3,182	972
Office supplies	250	250	387	(137)
Travel	1,000	1,000	-	1,000
Town master plan	85,000	85,000	66,391	18,609
Main street program	15,000	15,000	19,571	(4,571)
Tourism transient occupancy transfer	4,000	4,000	4,600	(600)
Total legislative	\$ 129,323	\$ 129,323	\$ 128,013	\$ 1,310
General and financial administration:				
Salaries	\$ 130,820	\$ 130,820	\$ 129,205	\$ 1,615
Payroll taxes	9,817	9,817	9,276	541
Hospitalization	16,359	16,359	16,008	351
Retirement	17,747	17,747	17,516	231
Disability insurance	797	797	622	175
Life insurance	693	693	1,787	(1,094)
State unemployment	132	132	58	74
Training	1,800	1,800	1,099	701
Employee welfare	750	750	414	336
Auditing	18,500	18,500	21,300	(2,800)
Office equipment maintenance	7,800	7,800	8,773	(973)
Advertising	14,146	14,146	12,852	1,294
Postage	3,000	3,000	2,021	979
Telephone	3,816	3,816	4,976	(1,160)
Travel	250	250	-	250
Dues and memberships	1,800	1,800	1,086	714
Software	26,095	26,095	43,536	(17,441)
Website and printing	15,000	15,000	13,430	1,570
Office supplies	15,000	15,000	12,631	2,369
Historic Onancock School	-	-	450	(450)
Miscellaneous	3,750	3,750	36	3,714
Parades	-	-	1,556	(1,556)
Cultural enrichment	3,600	3,600	3,041	559
Bank charges	5,200	5,200	2,659	2,541
Credit card fees	11,000	11,000	12,842	(1,842)
Bookkeeping	7,000	7,000	6,831	169
Legal and collection fees	3,000	3,000	-	3,000
Property insurance	8,208	8,208	7,461	747
Vehicle insurance	412	412	297	115
General liability	3,644	3,644	2,162	1,482
Workmens compensation	330	330	187	143
Contingency	10,000	10,000	3,800	6,200
Capital expenditures	15,000	15,000	11,940	3,060
Total general and financial administration	\$ 355,466	\$ 355,466	\$ 349,852	\$ 5,614
Total general government administration	\$ 484,789	\$ 484,789	\$ 477,865	\$ 6,924

General Fund and Special Revenue Fund
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:				
Law enforcement:				
Salaries for officers	\$ 271,673	\$ 271,673	\$ 238,875	\$ 32,798
Overtime	39,000	39,000	40,841	(1,841)
Payroll taxes	20,783	20,783	20,791	(8)
Retirement	37,572	37,572	31,349	6,223
Hospitalization	38,631	38,631	26,954	11,677
Life insurance	1,467	1,467	2,772	(1,305)
State unemployment	376	376	79	297
Training	6,000	6,000	2,362	3,638
Vehicle repairs	6,900	6,900	6,068	832
Computer maintenance	4,500	4,500	1,127	3,373
Telephone	6,300	6,300	2,971	3,329
Security cameras			1,899	(1,899)
Line of duty act insurance	3,655	3,655	3,193	462
Vehicle insurance	2,902	2,902	2,222	680
Workmens compensation	8,823	8,823	7,359	1,464
Hazardous duty/LEOs	-	-	-	-
Travel	2,000	2,000	164	1,836
Office supplies	4,000	4,000	2,528	1,472
Vehicle fuel	11,000	11,000	11,728	(728)
Uniforms	3,000	3,000	2,485	515
Court costs	500	500	-	500
Police supplies	10,000	10,000	7,546	2,454
Capital expenditures	-	-	8,979	(8,979)
Total law enforcement	\$ 479,082	\$ 479,082	\$ 422,292	\$ 56,790
Fire and rescue:				
Contributions fire companies	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Fire programs funding	15,000	15,000	15,000	-
Total fire and rescue	\$ 40,000	\$ 40,000	\$ 40,000	\$ -
Total public safety	\$ 519,082	\$ 519,082	\$ 462,292	\$ 56,790
Public works:				
Street maintenance:				
Salaries	\$ 38,638	\$ 38,638	\$ 54,547	\$ (15,909)
Overtime	1,500	1,500	5,900	(4,400)
Payroll taxes	2,956	2,956	4,624	(1,668)
Retirement	5,344	5,344	6,970	(1,626)
Hospitalization	9,348	9,348	9,348	-
Disability insurance	328	328	252	76
Life insurance	209	209	615	(406)
State unemployment	75	75	18	57
Vehicle repairs	2,000	2,000	3,569	(1,569)
Electricity	7,000	7,000	6,894	106
Heating oil	3,596	3,596	-	3,596
Street repairs	166,000	166,000	163,542	2,458
Vehicle fuel	2,000	2,000	7,007	(5,007)
Small equipment repair	4,000	4,000	763	3,237
Safety/street signs	1,000	1,000	1,554	(554)
Uniforms	3,000	3,000	182	2,818
Cleaning services	3,600	3,600	3,914	(314)
Janitorial supplies	250	250	995	(745)
Trash can liners	1,500	1,500	1,569	(69)
Blacksmith shop	830	830	94	736
Workmens compensation	1,481	1,481	307	1,174
Property insurance	550	550	415	135
Vehicle insurance	412	412	297	115
Capital expenditures	9,774	9,774	33,551	(23,777)
Total street maintenance	\$ 265,391	\$ 265,391	\$ 306,927	\$ (41,536)

General Fund and Special Revenue Fund
 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)				
Mosquito and weed control:				
Mosquito control	\$ 6,500	\$ 6,500	\$ 6,881	\$ (381)
Total mosquito and weed control	\$ 6,500	\$ 6,500	\$ 6,881	\$ (381)
Total public works	\$ 271,891	\$ 271,891	\$ 313,808	\$ (41,917)
Parks, recreation and cultural:				
Parks and recreation:				
Salaries	\$ 32,136	\$ 32,136	\$ 22,323	\$ 9,813
Overtime	1,000	1,000	3,504	(2,504)
Payroll taxes	2,458	2,458	1,976	482
Retirement	4,444	4,444	2,805	1,639
Hospitalization	9,348	9,348	5,453	3,895
Disability insurance	273	273	100	173
Life insurance	174	174	276	(102)
State unemployment	75	75	14	61
Electricity	27,500	27,500	30,422	(2,922)
Vehicle fuel	3,000	3,000	2,976	24
Vehicle repair	1,750	1,750	780	970
Repair and maintenance supplies	5,000	5,000	3,963	1,037
Small tools	2,500	2,500	1,438	1,062
Plantings	7,500	7,500	2,217	5,283
Weed control	5,500	5,500	5,000	500
Tree board and beautification	4,000	4,000	292	3,708
Holiday Decorations	10,000	10,000	10,654	(654)
Workmens compensation	1,481	1,481	348	1,133
Property insurance	299	299	184	115
Vehicle insurance	1,401	1,401	1,312	89
Capital expenditures	-	-	48,750	(48,750)
Total parks and recreation	\$ 119,839	\$ 119,839	\$ 144,787	\$ (24,948)

General Fund and Special Revenue Fund
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)				
Parks, recreation and cultural: (Continued)				
Wharf and marina:				
Salaries	\$ 64,582	\$ 64,582	\$ 68,101	\$ (3,519)
Overtime	-	-	596	(596)
Payroll taxes	4,941	4,941	5,267	(326)
Retirement	4,091	4,091	3,465	626
Disability insurance	251	251	99	152
Life insurance	160	160	301	(141)
State unemployment	75	75	97	(22)
Credit card fees	5,000	5,000	5,732	(732)
Electric services	5,500	5,500	4,728	772
Telephone	628	628	344	284
Vehicle repair	500	500	296	204
Janitorial supplies	1,200	1,200	1,699	(499)
Repair and maintenance supplies	8,000	8,000	7,597	403
Fuel purchases	98,000	98,000	104,223	(6,223)
Other operating supplies	1,300	1,300	10,893	(9,593)
Rent	5,500	5,500	8,200	(2,700)
Capital improvement	16,666	16,666	16,500	166
Advertising	6,000	6,000	17,393	(11,393)
Workmens compensation	2,670	2,670	1,004	1,666
Property insurance	265	265	450	(185)
Vehicle insurance	549	549	289	260
Total wharf and marina	\$ 225,878	\$ 225,878	\$ 257,274	\$ (31,396)
Total parks, recreation, and cultural	\$ 345,717	\$ 345,717	\$ 402,061	\$ (56,344)
Debt service:				
Principal retirement	\$ 71,035	\$ 71,035	\$ 18,746	\$ 52,289
Interest and other fiscal charges	-	-	1,171	(1,171)
Total debt service	\$ 71,035	\$ 71,035	\$ 19,917	\$ 51,118
Total General Fund	\$ 1,692,514	\$ 1,692,514	\$ 1,675,943	\$ 16,571

General Fund and Special Revenue Fund
 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 Fund:				
Public safety:				
Police supplies	\$ -	\$ -	\$ 13,280	\$ (13,280)
Total public safety	\$ -	\$ -	\$ 13,280	\$ (13,280)
Public works:				
Utility arrears	\$ -	\$ -	\$ 5,600	\$ (5,600)
American Rescue Plan Act (ARPA) expenditures	455,000	455,000	108,959	346,041
N.E. project planning	489,000	489,000	24,915	464,085
Main Street Initiative	-	-	12,500	(12,500)
Miscellaneous			9,945	(9,945)
Total public works	\$ 944,000	\$ 944,000	\$ 161,919	\$ 782,081
Wharf and marina:				
Repair and maintenance supplies	\$ -	\$ -	\$ 0	\$ -
Capital improvement	455,000	455,000	413,259	41,741
Total wharf and marina	\$ 455,000	\$ 455,000	\$ 413,259	\$ 41,741
Total parks, recreation, and cultural	\$ 455,000	\$ 455,000	\$ 413,259	\$ 41,741
Total Special Revenue Fund	\$ 1,399,000	\$ 1,399,000	\$ 588,458	\$ 810,542
Total Primary Government	\$ 3,091,514	\$ 3,091,514	\$ 2,264,401	\$ 827,113

Statistical Information

Changes in Net Position

Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Expenses					
Governmental Activities					
General Government Administration	\$ 360,651	\$ 302,632	\$ 287,787	\$ 361,305	\$ 413,815
Public Safety	354,843	347,946	353,330	358,015	431,419
Public Works	250,481	283,050	328,012	263,010	230,893
Parks, Recreation and Cultural	198,726	119,280	138,795	177,883	162,004
Interest and other fiscal charges	6,456	8,280	8,113	6,390	5,325
Total Governmental Activities Expenses	\$ 1,171,157	\$ 1,061,188	\$ 1,116,037	\$ 1,166,603	\$ 1,243,455
Business-Type Activities					
Public Utilities	\$ 1,162,288	\$ 1,178,520	\$ 1,191,331	\$ 1,139,410	\$ 1,233,602
Total Business-Type Activities Expenses	\$ 1,162,288	\$ 1,178,520	\$ 1,191,331	\$ 1,139,410	\$ 1,233,602
Total Primary Government Expenses	\$ 2,333,445	\$ 2,239,708	\$ 2,307,368	\$ 2,306,013	\$ 2,477,057
Program Revenues					
Governmental Activities					
Charges for Services	\$ 106,723	\$ 174,923	\$ 184,936	\$ 214,705	\$ 279,475
Operating Grants and Contributions	84,690	36,607	89,290	58,540	58,158
Capital Grants and Contributions	50,410	33,621	89,965	12,708	189,743
Total Governmental Activities Program Revenues	\$ 241,823	\$ 245,151	\$ 364,191	\$ 285,953	\$ 527,376
Business-Type Activities					
Charges for Services	\$ 736,275	\$ 849,830	\$ 872,777	\$ 1,018,085	\$ 1,190,191
Capital Grants and Contributions	-	335,790	-	-	-
Total Business-Type Activities Program Revenues	\$ 736,275	\$ 1,185,620	\$ 872,777	\$ 1,018,085	\$ 1,190,191
Total Primary Government Program Revenues	\$ 978,098	\$ 1,430,771	\$ 1,236,968	\$ 1,304,038	\$ 1,717,567
Net (Expense)/ Revenue					
Governmental Activities	\$ (929,334)	\$ (816,037)	\$ (751,846)	\$ (880,650)	\$ (716,079)
Business-Type Activities	(426,013)	7,100	(318,554)	(121,325)	(43,411)
Total Primary Government Net (Expense)/ Revenue	\$ (1,355,347)	\$ (808,937)	\$ (1,070,400)	\$ (1,001,975)	\$ (759,490)
General Revenues and Other Changes in Net Position					
Governmental Activities					
General Property Taxes	\$ 432,462	\$ 423,094	\$ 410,275	\$ 493,419	\$ 508,046
Other Local Taxes	363,988	428,063	333,215	328,025	388,855
Revenues from the use of money & property	29,771	29,631	29,754	8,061	10,715
Unrealized gain (loss) on investments	-	-	-	-	-
Commonwealth of Virginia - PPTRA	68,265	68,265	163,813	161,209	158,848
Miscellaneous	38,627	20,855	19,246	24,205	20,660
Transfers	-	-	-	-	-
Total Governmental Activities	\$ 933,113	\$ 969,908	\$ 956,303	\$ 1,014,919	\$ 1,087,124
Business-Type Activities					
Revenues from the use of money & property	\$ 22	\$ -	\$ -	\$ -	\$ 7,597
Interest expense	-	-	-	-	-
Unrealized gain (loss) on investments	-	-	-	-	-
Loss from disposal of operations	-	-	-	-	-
Miscellaneous	28,101	-	-	-	-
Transfers	-	-	-	-	-
Total Business-Type Activities	\$ 28,123	\$ -	\$ -	\$ -	\$ 7,597
Total Primary Government	\$ 961,236	\$ 969,908	\$ 956,303	\$ 1,014,919	\$ 1,094,721
Change in Net Position					
Governmental Activities	\$ 3,779	\$ 153,871	\$ 204,457	\$ 134,269	\$ 371,045
Business-Type Activities	(397,890)	7,100	(318,554)	(121,325)	(35,814)
Total Primary Government Change in Net Position	\$ (394,111)	\$ 160,971	\$ (114,097)	\$ 12,944	\$ 335,231

Changes in Net Position
Last Ten Fiscal Years

	2019	2020	2021	2022	2023
Expenses					
Governmental Activities					
General Government Administration	\$ 439,012	\$ 445,193	\$ 422,966	\$ 357,450	\$ 419,704
Public Safety	394,527	527,376	379,740	458,809	378,330
Public Works	242,127	278,067	652,990	692,923	205,920
Parks, Recreation and Cultural	327,598	230,244	254,293	347,995	797,423
Interest and other fiscal charges	4,213	3,158	1,871	3,670	4,936
Total Governmental Activities Expenses	\$ 1,407,477	\$ 1,484,038	\$ 17,711,860	\$ 1,860,847	\$ 1,806,314
Business-Type Activities					
Public Utilities	\$ 1,284,629	\$ 1,481,930	\$ 1,259,310	\$ 995,563	\$ 723,563
Total Business-Type Activities Expenses	\$ 1,284,629	\$ 1,481,930	\$ 1,259,310	\$ 995,563	\$ 723,563
Total Primary Government Expenses	\$ 2,692,106	\$ 2,965,968	\$ 2,971,170	\$ 2,856,410	\$ 2,529,877
Program Revenues					
Governmental Activities					
Charges for Services	\$ 246,784	\$ 195,987	\$ 261,794	\$ 277,231	\$ 317,995
Operating Grants and Contributions	56,760	57,097	478,420	743,619	731,932
Capital Grants and Contributions	108,560	-	-	-	-
Total Governmental Activities Program Revenues	\$ 412,104	\$ 253,084	\$ 740,214	\$ 1,020,850	\$ 1,049,927
Business-Type Activities					
Charges for Services	\$ 1,246,115	\$ 1,269,121	\$ 1,431,208	\$ 1,519,756	\$ 1,380,933
Capital Grants and Contributions	199,973	119,986	-	-	-
Total Business-Type Activities Program Revenues	\$ 1,446,088	\$ 1,389,107	\$ 1,431,208	\$ 1,519,756	\$ 1,380,933
Total Primary Government Program Revenues	\$ 1,858,192	\$ 1,642,191	\$ 2,171,422	\$ 2,540,606	\$ 2,430,860
Net (Expense)/ Revenue					
Governmental Activities	\$ (995,373)	\$ (1,230,954)	\$ (971,646)	\$ (839,997)	\$ (756,387)
Business-Type Activities	161,459	(92,823)	171,898	524,193	657,370
Total Primary Government Net (Expense)/ Revenue	\$ (833,914)	\$ (1,323,777)	\$ (799,748)	\$ (315,804)	\$ (99,017)
General Revenues and Other Changes in Net Position					
Governmental Activities					
General Property Taxes	\$ 493,412	\$ 513,967	\$ 585,886	\$ 595,180	\$ 580,180
Other Local Taxes	428,049	357,037	451,441	482,509	501,970
Revenues from the use of money & property	19,613	30,978	19,327	28,158	127,842
Unrealized gain (loss) on investments	-	-	-	(50,846)	#REF!
Commonwealth of Virginia - PPTRA	152,663	136,547	130,406	126,255	136,789
Miscellaneous	25,052	44,156	30,696	7,182	14,688
Transfers	-	-	95,668	341,702	786,433
Total Governmental Activities	\$ 1,118,789	\$ 1,082,685	\$ 1,313,424	\$ 1,530,140	\$ #REF!
Business-Type Activities					
Revenues from the use of money & property	\$ 15,934	\$ 11,909	\$ 584	\$ 3,818	\$ 13,520
Interest expense	-	-	-	-	#REF!
Unrealized gain (loss) on investments	-	-	-	-	#REF!
Loss from disposal of operations	-	-	-	(8,502,487)	-
Miscellaneous	-	-	-	-	-
Transfers	-	-	(95,668)	(341,702)	(786,433)
Total Business-Type Activities	\$ 15,934	\$ 11,909	\$ (95,084)	\$ (8,840,371)	\$ #REF!
Total Primary Government	\$ 1,134,723	\$ 1,094,594	\$ 1,218,340	\$ (7,310,231)	\$ #REF!
Change in Net Position					
Governmental Activities	\$ 123,416	\$ (148,269)	\$ 341,778	\$ 690,143	\$ #REF!
Business-Type Activities	177,393	(80,914)	76,814	(8,316,178)	#REF!
Total Primary Government Change in Net Position	\$ 300,809	\$ (229,183)	\$ 418,592	\$ (7,626,035)	\$ #REF!

Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	2014	2015	2016	2017	2018
Revenues					
General property taxes	\$ 436,142	\$ 440,035	\$ 418,148	\$ 460,414	\$ 527,472
Other local taxes	363,988	428,063	333,215	328,025	388,855
Permits, privilege fees and regulatory licenses	-	-	400	600	950
Fines and forfeitures	18,410	18,946	15,975	15,162	16,218
Revenue from the use of money and property	29,771	29,631	29,754	8,061	10,715
Charges for services	88,313	155,977	168,561	198,943	262,307
Miscellaneous	38,627	20,855	19,246	24,205	20,660
Intergovernmental	203,365	138,493	343,068	232,457	406,749
Total Revenues	\$ 1,178,616	\$ 1,232,000	\$ 1,328,367	\$ 1,267,867	\$ 1,633,926
Expenditures					
General administration	\$ 346,266	\$ 299,455	\$ 260,829	\$ 337,182	\$ 378,915
Public safety	343,672	378,356	341,395	339,992	402,976
Public works	269,500	271,733	292,436	220,309	196,477
Parks recreation and cultural	190,625	167,883	203,527	196,607	394,633
Capital outlays & non-departmental	11,866	344	28,599	11,834	20,833
Debt Service	27,838	32,998	37,101	40,775	33,814
Total Expenditures	\$ 1,189,767	\$ 1,150,769	\$ 1,163,887	\$ 1,146,699	\$ 1,427,648
Excess (deficiency) of revenues over (under) expenditures	\$ (11,151)	\$ 81,231	\$ 164,480	\$ 121,168	\$ 206,278
Other Financing Sources (Uses)					
Issuance of notes payable	\$ -	\$ 32,000	\$ -	\$ -	\$ -
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ 32,000	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ (11,151)	\$ 113,231	\$ 164,480	\$ 121,168	\$ 206,278
Debt Service as a Percentage of Expenditures	2.34%	2.87%	3.19%	3.56%	2.37%

Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	2019	2020	2021	2022	2023
Revenues					
General property taxes	\$ 503,696	\$ 521,725	\$ 593,668	\$ 582,899	\$ 545,030
Other local taxes	428,049	357,037	451,441	482,509	501,970
Permits, privilege fees and regulatory licenses	275	375	1,700	1,975	2,100
Fines and forfeitures	13,959	9,168	8,290	7,004	14,186
Revenue from the use of money and property	19,613	30,978	19,327	6,043	121,981
Charges for services	232,550	186,444	251,804	268,252	301,709
Miscellaneous	25,051	44,156	30,696	7,182	14,688
Intergovernmental	317,983	193,644	608,826	869,874	868,721
Total Revenues	\$ 1,541,176	\$ 1,343,527	\$ 1,965,752	\$ 2,225,738	\$ 2,370,385
Expenditures					
General administration	\$ 383,478	\$ 367,338	\$ 393,543	\$ 364,319	\$ 477,865
Public safety	363,321	431,698	365,747	566,790	475,572
Public works	200,047	228,848	612,623	992,012	475,727
Parks recreation and cultural	309,745	201,025	376,222	477,508	815,320
Capital outlays & non-departmental	30,844	7,031	1,450	-	-
Debt Service	33,813	33,115	26,782	33,335	19,917
Total Expenditures	\$ 1,321,248	\$ 1,269,055	\$ 1,776,367	\$ 2,433,964	\$ 2,264,401
Excess (deficiency) of revenues over (under) expenditures	\$ 219,928	\$ 74,472	\$ 189,385	\$ (208,226)	\$ 105,984
Other Financing Sources (Uses)					
Issuance of notes payable	\$ -	\$ -	\$ -	\$ 62,000	\$ -
Transfers in	-	-	1,328,042	346,860	786,433
Transfers out	-	-	(1,232,374)	(5,158)	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ 95,668	\$ 403,702	\$ 786,433
Net Change in Fund Balance	\$ 219,928	\$ 219,928	\$ 285,053	\$ 195,476	\$ 892,417
Debt Service as a Percentage of Expenditures	2.56%	2.56%	1.51%	1.37%	0.88%

Schedule of Legal Debt Margin

Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed value of real estate subject to taxation	\$ <u>118,862,000</u>	\$ <u>117,363,100</u>	\$ <u>117,738,100</u>	\$ <u>115,819,000</u>	\$ <u>116,186,600</u>
Legal Debt Limit					
10% of Assessed Value of Taxable Real Estate:	\$ 11,886,200	\$ 11,736,310	\$ 11,773,810	\$ 11,581,900	\$ 11,618,660
Deduct:					
Bonds Payable	<u>9,668,641</u>	<u>9,223,390</u>	<u>8,645,722</u>	<u>8,226,150</u>	<u>7,804,707</u>
Legal Margin for Creation of Additional Debt	\$ <u>2,217,559</u>	\$ <u>2,512,920</u>	\$ <u>3,128,088</u>	\$ <u>3,355,750</u>	\$ <u>3,813,953</u>

Schedule of Legal Debt Margin
Last Ten Fiscal Years

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assessed value of real estate subject to taxation	\$ 115,366,200	\$ 116,630,900	\$ 126,689,550	\$ 142,266,148	\$ 150,836,200
Legal Debt Limit					
10% of Assessed Value of Taxable Real Estate:	\$ 11,536,620	\$ 11,663,090	\$ 12,668,955	\$ 14,226,615	\$ 15,083,620
Deduct:					
Bonds Payable	<u>7,381,329</u>	<u>6,955,956</u>	<u>6,528,519</u>	<u>2,489,999</u>	<u>2,368,881</u>
Legal Margin for Creation of Additional Debt	<u>\$ 4,155,291</u>	<u>\$ 4,707,134</u>	<u>\$ 6,140,436</u>	<u>\$ 11,736,616</u>	<u>\$ 12,714,739</u>

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2014	\$ 484,286	\$ 488,427	100.86%
2015	482,140	488,180	101.25%
2016	489,609	471,763	96.36%
2017	498,602	495,318	99.34%
2018	575,275	558,488	97.08%
2019	569,022	558,857	98.21%
2020	579,137	563,495	97.30%
2021	616,688	627,819	101.80%
2022	646,749	629,706	97.36%
2023	679,123	605,591	89.17%

(1) Exclusive of penalties and interest.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Public Service (2)	Total
2014	\$ 118,862,000	\$ 8,964,622	\$ 5,705,176	\$ 133,531,798
2015	117,363,100	9,350,884	5,236,800	131,950,784
2016	117,738,100	9,547,476	5,120,424	132,406,000
2017	115,819,000	9,781,675	5,395,276	130,995,951
2019	116,186,600	9,831,688	5,434,336	131,452,624
2019	115,366,200	9,515,894	5,435,513	130,317,607
2020	116,630,900	9,985,187	5,252,368	131,868,455
2021	126,689,550	10,071,442	5,505,156	142,266,148
2022	127,509,100	11,805,157	4,937,866	144,252,123
2023	150,836,200	15,327,964	4,721,426	170,885,590

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

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

Compliance



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Onancock, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Onancock, Virginia's basic financial statements, and have issued our report dated October 4, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
October 4, 2024