

TOWN OF GORDONSVILLE, VIRGINIA FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

Annual Financial Report For the Year Ended June 30, 2022

TABLE OF CONTENTS

	_	Page
Independent Aud	litors' Report	1-3
Basic Financial S	Statements:	
Government-w	ride Financial Statements:	
Exhibit 1	Statement of Net Position	4
Exhibit 2	Statement of Activities	5-6
Fund Financial	Statements:	
Exhibit 3	Balance Sheet—Governmental Funds	7
Exhibit 4	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	8
Exhibit 5	Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	9
Exhibit 6	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	10
Exhibit 7	Statement of Net Position—Proprietary Funds	11
Exhibit 8	Statement of Revenues, Expenses and Changes in Net Position— Proprietary Funds	12
Exhibit 9	Statement of Cash Flows—Proprietary Funds	13
Exhibit 10	Statement of Fiduciary Net Position—Fiduciary Fund	14
Exhibit 11	Statement of Change in Fiduciary Net Position—Fiduciary Fund	15
Notes to Financia	al Statements	16-60

Annual Financial Report For the Year Ended June 30, 2022

TABLE OF CONTENTS (CONTINUED)

		Page
Required Supple	ementary Information:	
Exhibit 12	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—General Fund	61
Exhibit 13	Schedule of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual—Pool Fund	62
Exhibit 14	Schedule of Changes in Net Pension Liability (Asset) and Related Ratios-Virginia Retirement System Pension Plan	63-64
Exhibit 15	Schedule of Employer Contributions-Pension Plan	65
Exhibit 16	Notes to Required Supplementary Information-Pension Plan	66
Exhibit 17	Schedule of Town's Share of Net OPEB Liability- Group Life Insurance Plan	67
Exhibit 18	Schedule of Employer Contributions-Group Life Insurance Plan	68
Exhibit 19	Notes to Required Supplementary Information- Group Life Insurance Plan	69
Other Suppleme	entary Information:	
Supporting Sche	dules:	
Schedule 1	Schedule of Revenues—Budget and Actual—Governmental Funds	70-71
Schedule 2	Schedule of Expenditures—Budget and Actual—Governmental Funds	72-73
Compliance:		
Compliance a	Auditors' Report on Internal Control over Financial Reporting and on and Other Matters Based on an Audit of Financial Statements Performed in with Government Auditing Standards	74-75

Town Council

Robert K. Coiner, Mayor

Emily Winkey, Vice-Mayor

James L. Bradley

Ronald E. Brooks, III

Elizabeth Samra

Officials

Deborah S. Kendall, Town Manager

Angela Scolforo, Town Attorney

Dawn Rigsby, Town Treasurer



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

TO THE HONORABLE MAYOR AND MEMBERS OF THE TOWN COUNCIL TOWN OF GORDONSVILLE, VIRGINIA

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Gordonsville, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Gordonsville, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Gordonsville, Virginia, as of June 30, 2022, and the 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 Gordonsville, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principles

As described in Note 18 to the financial statements, in 2022, the Town of Gordonsville, Virginia adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus 2020*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 18 to the financial statements, in 2022, the Town of Gordonsville, Virginia restated beginning balances to write off receivables for project expenditures that will not be reimbursed by VDOT. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Gordonsville, 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, Government Auditing Standards, and the Specifications for Audits of Authorities, Boards, and Commissions 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, Government Auditing Standards, and the Specifications for Audits of Counties, Cities, and Towns, 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 Gordonsville, 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 Gordonsville, 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 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.

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

Supplementary Information

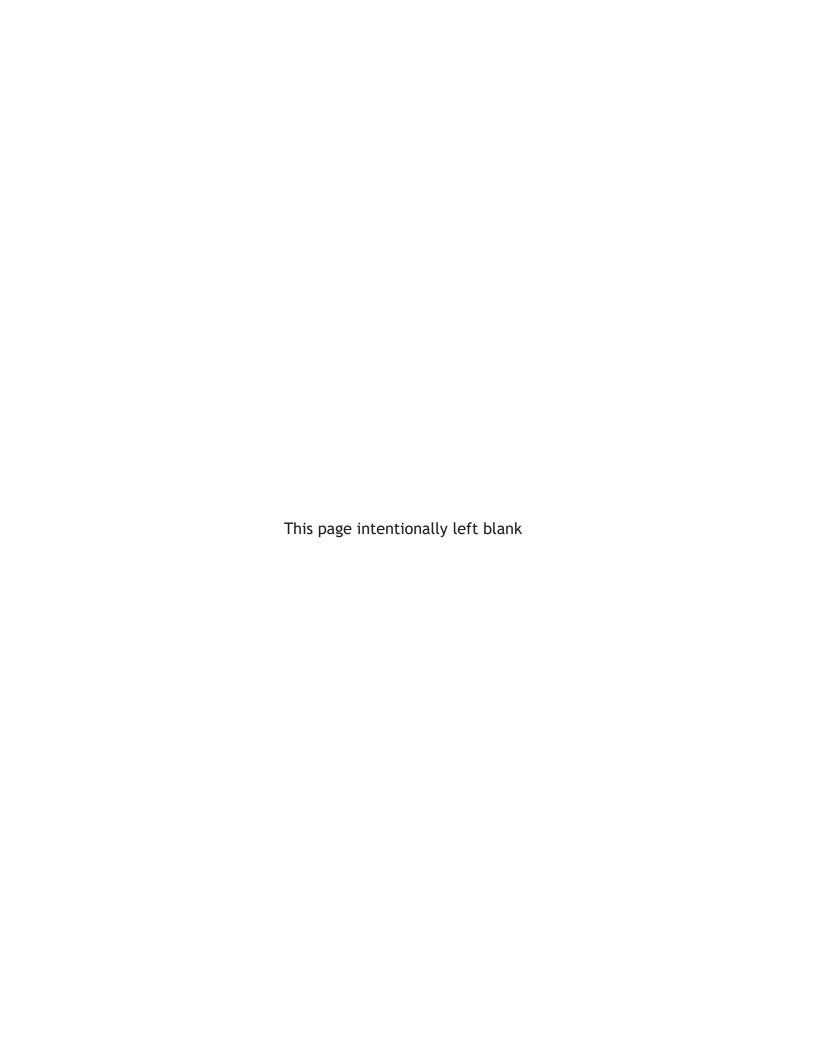
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Gordonsville, Virginia's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is not a required part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

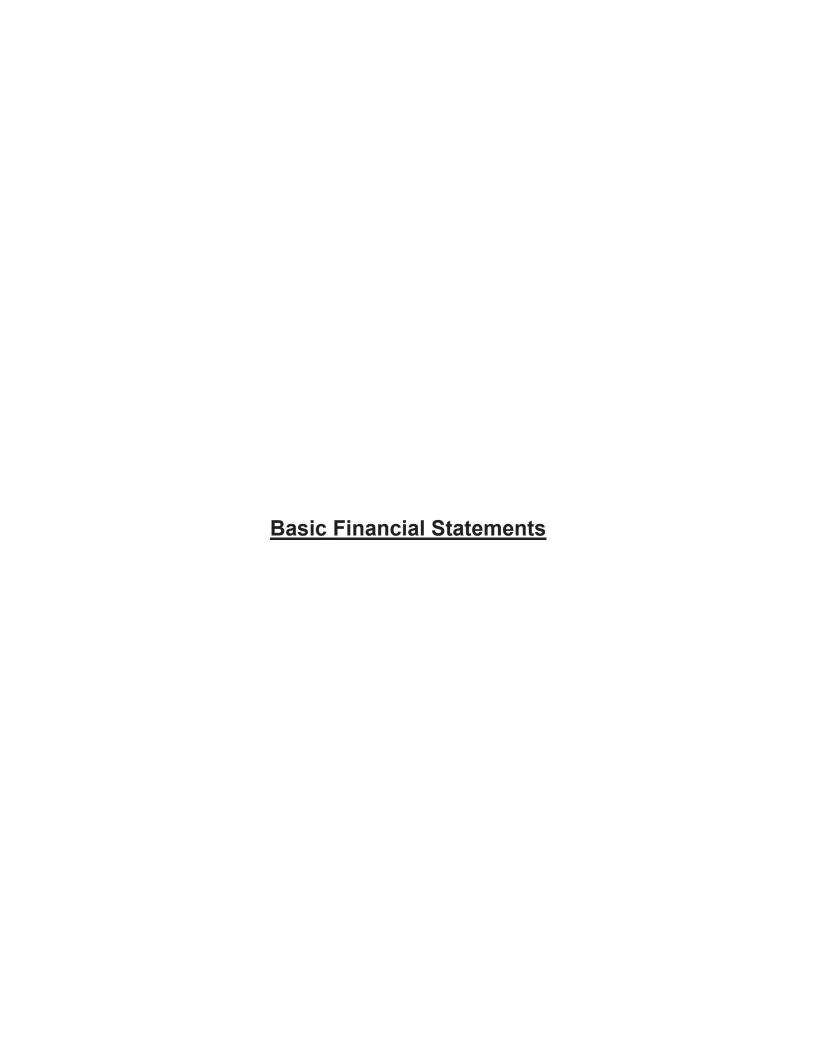
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023, on our consideration of Town of Gordonsville, 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 Gordonsville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Gordonsville, Virginia's internal control over financial reporting and compliance.

Robinson Faven Cox Associates

Charlottesville, Virginia July 31, 2023







Statement of Net Position June 30, 2022

			rimary Governme	nt
		Governmental Activities	Business-type Activities	Total
ASSETS				
Cash and cash equivalents	\$	1,490,213	\$ 2,267,400	\$ 3,757,61
Receivables, net of allowance for uncollectibles:				
Taxes receivable		93,732	-	93,73
Accounts receivable		1,262,144	195,782	1,457,92
Interest receivable		63,958	-	63,95
Leases receivable		5,218,877	-	5,218,87
Due from other governmental units		215,199	5,385	220,58
Prepaid items		11,751	2,700	14,45
Restricted assets:				
Cash held for customer deposits		9,754	37,804	47,55
Cash held for pool renovations		127,110	-	127,11
Net pension asset		132,122	38,178	170,30
Capital assets, net of accumulated depreciation:				
Land		554,744	206,526	761,27
Construction in progress		80,149	308,142	388,29
Land improvements		26,099	-	26,09
Buildings and improvements		841,172	669,148	1,510,32
Infrastructure		2,666,139	1,125,884	3,792,02
Machinery, equipment and vehicles	ć	160,936	60,608	221,54
Total assets	\$	12,954,099	\$ 4,917,557	\$ 17,871,65
DEFERRED OUTLFOWS OF RESOURCES				
Pension related items	\$	141,441	\$ 41,665	\$ 183,10
OPEB related items		8,722	2,885	11,60
Total deferred outflows of resources	\$			
LIABILITIES				
Accounts payable	\$	38,007	\$ 38,175	\$ 76,18
Contracts payable	Y	21,004	5,457	26,46
Accrued liabilities		73,875	26,635	100,51
Customers' deposits payable from restricted assets		9,754	37,804	47,55
Accrued interest payable		16,547	3,832	20,37
Unearned revenue		842,464		842,46
Long-term liabilities:		- · · · · · ·		,
Due within one year		157,231	65,290	222,52
Due in more than one year		1,061,401	209,535	1,270,93
Total liabilities	\$	2,220,283		
DEFENDED INFLOWS OF DESCRIPCES				
DEFERRED INFLOWS OF RESOURCES		74 474	^	<u> </u>
Deferred revenue - property taxes	\$		\$ -	
Park pledges		1,258,300	-	1,258,30
Prepaid rent		1,537	70 554	1,53
Pension related items		263,944	78,551	342,49
OPEB related items		14,050	4,626	18,67
Leases	c	5,144,247	c 02 177	5,144,24
Total deferred inflows of resources	Ş	6,758,552	\$ 83,177	\$ 6,841,72
NET POSITION				
Net investment in capital assets	\$	3,202,024	\$ 2,104,471	\$ 5,306,49
Restricted:				
Pool improvements and playground equipment		127,110	-	127,11
Pension benefits		132,122	38,178	170,30
Unrestricted (deficit)		664,171	2,349,553	3,013,72
Total net position	\$	4,125,427	\$ 4,492,202	\$ 8,617,62

Statement of Activities For the Year Ended June 30, 2022

				Program Revenues							
			•			Operating		Capital			
				Charges for		Grants and		Grants and			
Functions/Programs		Expenses		Services	_	Contributions		Contributions			
PRIMARY GOVERNMENT:											
Governmental activities:											
General government administration	\$	502,966	\$	702,013	\$	21,588	\$	-			
Public safety		638,396		156,674		145,094		13,215			
Public works		586,014		88,114		9,758		-			
Health and welfare		4,688		-		-		-			
Parks, recreation, and cultural		66,632		6,918		7,420		52,636			
Community development		1,200		-		-		-			
Interest on long-term debt		39,690		-		-		-			
Total governmental activities	\$_	1,839,586	\$	953,719	\$	183,860	\$	65,851			
Business-type activities:											
Water and Sewer Fund	\$	1,394,451	\$	1,410,777	\$	19,894	\$	36,000			
Airport Fund		21,247		39,105		9,008		12,406			
Total business-type activities	\$ ⁻	1,415,698	\$	1,449,882	-\$	28,902	\$	48,406			
Total primary government	\$	3,255,284	\$	2,403,601	\$	212,762	\$	114,257			
	_		= :				= :				

General revenues:

General property taxes

Local sales and use taxes

Cigarette taxes

Consumers' utility taxes

Business license taxes

Restaurant food taxes

Other local taxes

Unrestricted revenues from use of money and property

Miscellaneous

Grants and contributions not restricted to specific programs

Total general revenues

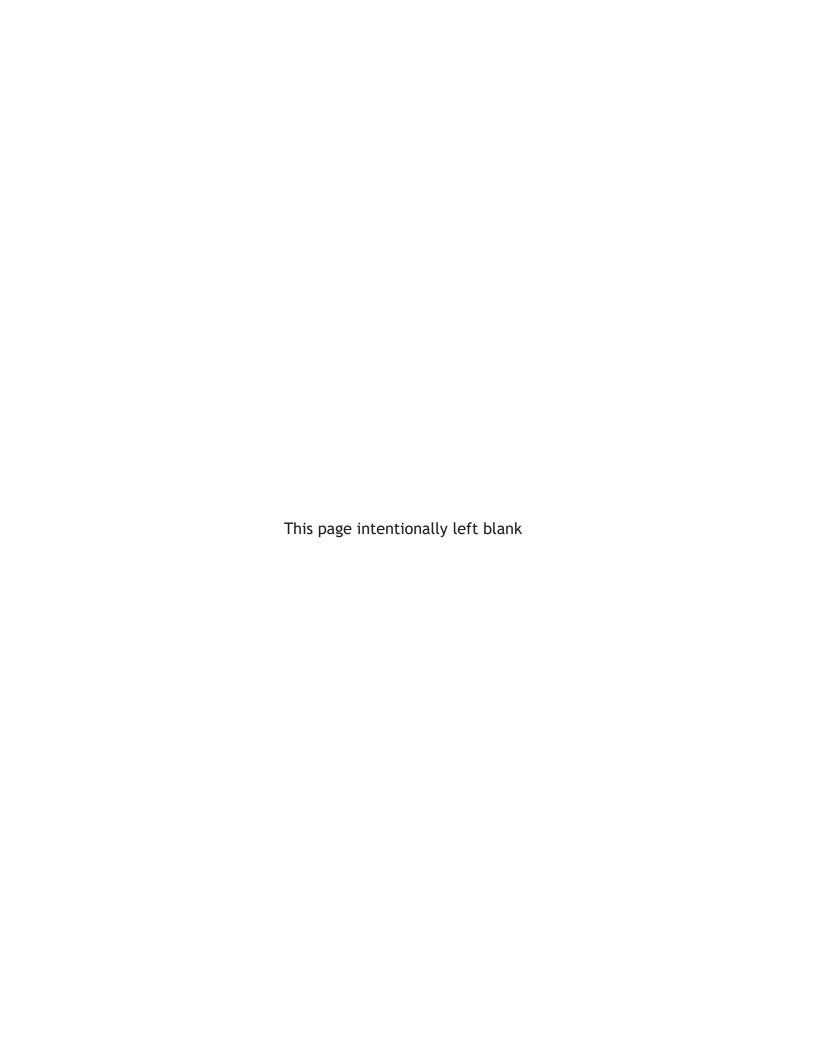
Change in net position

Net position - beginning, as restated

Net position - ending

Net (Expense) Revenue and Changes in Net Position

•	Primary Government									
	Governmental	Business-type								
_	Activities	Activities	_	Total						
\$	220,635		\$	220,635						
	(323,413)			(323,413)						
	(488,142)			(488,142)						
	(4,688)			(4,688)						
	342			342						
	(1,200)			(1,200)						
	(39,690)			(39,690)						
\$	(636,156)		\$	(636,156)						
	\$	72,220	\$	72,220						
		39,272		39,272						
	\$,	\$	111,492						
\$	(636,156) \$	111,492	\$	(524,664)						
\$	272,240 \$	-	\$	272,240						
	134,680	-		134,680						
	48,000	-		48,000						
	31,761	-		31,761						
	119,550	-		119,550						
	525,414	-		525,414						
	110,676	-		110,676						
	170,308	86,060		256,368						
	238,269	-		238,269						
	60,756			60,756						
\$	1,711,654 \$	86,060	\$	1,797,714						
\$	1,075,498 \$,	\$	1,273,050						
	3,049,929	4,294,650		7,344,579						
\$	4,125,427 \$	4,492,202	\$	8,617,629						





Balance Sheet Governmental Funds June 30, 2022

	_	General Fund		Pool Fund	Total
ASSETS					
Cash and cash equivalents	\$	1,490,213	\$	- \$	1,490,213
Receivables, net of allowance for uncollectibles:					
Taxes receivable		93,732		-	93,732
Accounts receivable		1,262,144		-	1,262,144
Interest receivable		63,958		-	63,958
Lease receivable		5,218,877		-	5,218,877
Due from other governmental units		215,199		-	215,199
Prepaid items		11,751		-	11,751
Restricted assets:					
Cash held for customer deposits		9,754		-	9,754
Cash held for pool renovations	_	57,626		69,484	127,110
Total assets	\$ _	8,423,254	\$	69,484 \$	8,492,738
LIABILITIES					
Accounts payable	\$	34,965	\$	3,044 \$	38,009
Contracts payable		21,004		- ·	21,004
Accrued liabilities		73,315		560	73,875
Customers' deposits		9,754		-	9,754
Unearned revenue		842,464		-	842,464
Total liabilities	\$ _	981,502	\$	3,604 \$	985,106
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$	98,425	\$	- \$	98,425
Unavailable revenue - park pledges		1,258,300		-	1,258,300
Prepaid rent		1,537		-	1,537
Leases		5,144,247		-	5,144,247
Total deferred inflows of resources	\$ _	6,502,509	\$	- \$	6,502,509
FUND BALANCES					
Nonspendable:					
Prepaids	\$	11,751	\$	- \$	11,751
Restricted:					
Pool capital donations		52,626		69,484	122,110
Verling Park playground equipment Committed:		5,000		-	5,000
VDOT safe routes		21,197		-	21,197
Parking lot		16,700		-	16,700
Public works facility		2,996		-	2,996
Directional Signage		45,274		-	45,274
Assigned:		,, ,,=			
Other - equipment and capital		16,437		- (2.404)	16,437
Unassigned (deficit)	_ ـ	767,262	- , -	(3,604)	763,658
Total fund balances Total liabilities, deferred inflows of resources,	\$ <u>_</u>	939,243	-	65,880 \$	1,005,123
and fund balances	Ş	8,423,254	S	69,484 \$	8,492,738

Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:				
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds			\$	1,005,123
Capital assets used in governmental activities are not financial resources				
and, therefore, are not reported in the funds. The amounts reported below				
are net of accumulated depreciation.				
Land	\$	554,744		
Construction in Progress		80,149		
Land improvements		26,099		
Buildings and improvements		841,172		
Infrastructure		2,666,139		
Machinery, equipment and vehicles	_	160,936		4,329,239
Other long-term assets are not available to pay for current-period expenditures				
and, therefore, are not reported as unavailable revenue in the funds.				
Unavailable revenue related to property taxes		21,951		
Net pension asset		132,122		154,073
100 pondion 45500	_	,	-	,
Deferred outflows of resources are not available to pay for current-period expenditures and,				
therefore, are not reported in the funds.				
Pension related items	\$	141,441		
OPEB related items	-	8,722	-	150,163
Long-term liabilities, including bonds payable, are not due and payable in the				
current period and, therefore, are not reported in the funds.				
Bonds	\$	(1,098,741)		
Settlement agreement		(38,000)		
Financed purchase		(7,470)		
Compensated absences		(44,641)		
Net OPEB liability		(29,780)		
Accrued interest payable	_	(16,545)		(1,235,177)
Deferred inflows of resources are not due and payable in the current period and,				
therefore, are not reported in the funds.				
Pension related items	\$	(263,944)		
OPEB related items	*	(14,050)		(277,994)
	-	(1.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	•	(=,)
Net position of governmental activities			ş ⁻	4,125,427
			_	

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Ye	ear Ended	June 30,	2022
------------	-----------	----------	------

General Fund		Pool Fund	_	Total
REVENUES				
General property taxes \$ 273,983	\$	-	\$	273,983
Other local taxes 970,081		-		970,081
Permits, privilege fees, and regulatory licenses 494		-		494
Fines and forfeitures 156,669		-		156,669
Revenue from the use of money and property 960,296		-		960,296
Miscellaneous 146,008		10		146,018
Recovered costs 178,800		-		178,800
Intergovernmental:				
Commonwealth 128,774		-		128,774
Federal 101,709		-		101,709
Total revenues \$ 2,916,814	\$	10	\$	2,916,824
EXPENDITURES Current:				
General government administration \$ 404,788	¢	_	\$	404,788
Public safety 680,383	ڔ	_	ڔ	680,383
Public works 564,498		_		564,498
Health and welfare 4,688		_		4,688
Parks, recreation, and cultural 50,622		11,798		62,420
Community development 1,200		11,770		1,200
Capital projects 124,340		_		124,340
Debt service:				124,540
Principal retirement 146,609		-		146,609
Interest and other fiscal charges 43,635		-		43,635
Total expenditures $$2,020,763$	- -	11,798	\$	2,032,561
Excess (deficiency) of revenues over				
(under) expenditures \$ 896,051	\$	(11,788)	\$	884,263
OTHER FINANCING SOURCES (USES)				
Transfers in \$ -	\$	1,263	\$	1,263
Transfers out (1,263)	-		(1,263)
Total other financing sources (uses) \$ (1,263)	_	1,263	\$	-
Net change in fund balances \$ 894,788	\$	(10,525)	\$	884,263
Fund balances - beginning, as restated 44,455	•	76,405	•	120,860
Fund balances - ending \$ 939,243				

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds

\$ 884,263

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

 Capital asset additions
 \$ 152,041

 Depreciation
 (169,802)
 (17,761)

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

The change in unavailable property taxes is reported as revenues in the governmental funds.

(1,743) (1,743)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Settlement agreement annual payment \$ 9,500
Payment of principal 137,109
Amortization of premium on issuance 2,107 148,716

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.

Compensated absences\$ (5,817)Change in pension related items62,194Change in OPEB related items3,806Accrued interest payable1,840

Change in net position of governmental activities

1,075,498

Statement of Net Position Proprietary Funds June 30, 2022

	_	Enterprise Funds				
	-	Water and Sewer Fund		Airport Fund		Total
ASSETS	•	Jewer rund	-	1 4114	-	Total
Current assets:						
Cash and cash equivalents	\$	2,182,167	\$	85,233	\$	2,267,400
Accounts receivable, net of allowance for uncollectibles	-	195,782		· -		195,782
Due from other governmental units		-		5,385		5,385
Prepaid expenses		2,700		-		2,700
Total current assets	\$	2,380,649	\$	90,618	\$ -	2,471,267
Noncurrent assets:	-		-		_	
Restricted assets:						
Cash held for customer deposits	\$	37,804	\$	-	\$	37,804
Total restricted assets	\$	37,804	\$	-	\$ -	37,804
Other assets:	•		-		_	
Net pension asset	\$	38,178	\$	-	\$	38,178
Capital assets:						
Land	\$	204,978	\$	1,548	\$	206,526
Construction in progress		58,095		250,047		308,142
Buildings and improvements, net of accumulated depreciation		669,148		-		669,148
Infrastructure, net of accumulated depreciation		1,024,436		101,448		1,125,884
Machinery, equipment, and vehicles net of accumulated depreciation		60,608		-		60,608
Total capital assets	\$	2,017,265		353,043		2,370,308
Total noncurrent assets	\$	2,093,247		353,043		2,446,290
Total assets	\$	4,473,896	\$	443,661	\$ _	4,917,557
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$	41,665	\$	_	\$	41,665
OPEB related items	~	2,885	~	_	*	2,885
Total deferred outflows of resources	ġ-	44,550	s -		s -	44,550
	٠.	,	٠.		`-	,
LIABILITIES						
Current liabilities:	ċ	20.004	ċ	04	ċ	20.475
Accounts payable	\$	38,084	>	91	>	38,175
Contracts payable		-		5,457		5,457
Accrued liabilities		26,635		-		26,635
Customers' deposits payable from restricted assets		37,804		-		37,804
Accrued interest payable Compensated absences - current portion		3,832 464		-		3,832 464
Bonds and notes payable - current portion		64,826		-		64,826
Total current liabilities	s -	171,645	ς-	5,548	ς –	177,193
	٠ -	171,043	٠ -	3,340	٧ –	177,173
Noncurrent liabilities:						
Compensated absences - net of current portion	\$	4,176	\$	-	\$	4,176
Bonds and notes payable - net of current portion		195,554		-		195,554
Net OPEB liability	٠.	9,805	٠.			9,805
Total noncurrent liabilities	\$	209,535			\$ _	209,535
Total liabilities	\$	381,180	۶.	5,548	۰ ۲	386,728
DEFERRED INFLOWS OF RESOURCES						
Pension related items	\$	78,551	\$	-	\$	78,551
OPEB related items		4,626		-		4,626
Total deferred inflows of resources	\$	83,177	\$	-	\$	83,177
NET POSITION	-		-		_	
Net investment in capital assets	\$	1,756,885	ς	347,586	ς	2,104,471
Restricted for pension benefits	ڔ	38,178	ڔ	J-7, J00 -	ب	38,178
Unrestricted		2,259,026		90,527		2,349,553
Total net position	Ś.	4,054,089	ς	438,113	ς –	4,492,202
. Stat net position	٠.	1,007,007	٠ =	+30,113	´ =	1, 172,202

Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2022

	_	Enterprise Funds				
	_	Water and Sewer Fund	_	Airport Fund	<u> </u>	Total
OPERATING REVENUES						
Charges for services:						
Water revenues	\$	990,457	\$	-	\$	990,457
Sewer revenues		393,749		-		393,749
Delinquent fees		14,127		-		14,127
Cut on and cut off fees		5,760		-		5,760
Hangar rentals		-		39,105		39,105
Miscellaneous		6,684		-		6,684
Total operating revenues	\$_	1,410,777	\$_	39,105	\$	1,449,882
OPERATING EXPENSES						
Water and water tests	\$	494,653	\$	-	\$	494,653
Sewer		269,135		-		269,135
Salaries, wages, and benefits		264,603		-		264,603
Repairs and maintenance		115,560		6,248		121,808
Materials and supplies		20,544		92		20,636
Professional services		31,800		7,390		39,190
Telephone and utilities		11,954		1,914		13,868
Vehicle expenses		32,811		-		32,811
Other operating expenses		22,756		1,353		24,109
Depreciation		121,608		4,250		125,858
Total operating expenses	\$_	1,385,424	\$	21,247	\$	1,406,671
Operating income (loss)	\$_	25,353	\$_	17,858	\$_	43,211
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenue	\$	-	\$	9,008	\$	9,008
Utility relief grant		19,894		-		19,894
Use of property		86,060		-		86,060
Interest expense		(9,027)		-		(9,027)
Total nonoperating revenues (expenses)	\$_	96,927	\$	9,008	\$	105,935
Income before capital contributions	\$	122,280	\$	26,866	\$	149,146
Capital contributions		36,000		12,406		48,406
Change in net position	\$ ⁻	158,280	\$	39,272	\$	197,552
Total net position - beginning		3,895,809		398,841	_	4,294,650
Total net position - ending	\$ <u></u>	4,054,089	\$	438,113	\$	4,492,202

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2022

		Enterprise Funds			
		Water and Sewer Fund	Airport Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES Receipts from customers and users Payments to suppliers Payments to employees Not each provided by (used for) operating activities	\$ \$	1,374,245 \$ (995,689) (279,351) 99,205 \$	39,105 \$ (16,906) - 22,199 \$	1,413,350 (1,012,595) (279,351) 121,404	
Net cash provided by (used for) operating activities	^ې _	99,205 \$	22,199 \$	121,404	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Use of property Intergovermental revenue Net cash provided by (used for) noncapital financing activities	\$ \$	86,060 \$ 19,894 105,954 \$	- \$ 9,008 9,008 \$	86,060 28,902 114,962	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Additions to CIP and machinery and equipment Principal payments on bonds Contributions in aid of construction Interest payments	\$	(22,703) \$ (61,361) 36,000 (11,644)	(20,065) \$ - 18,419 -	(42,768) (61,361) 54,419 (11,644)	
Net cash provided by (used for) capital and related financing activities	\$_	(59,708) \$	(1,646) \$	(61,354)	
Net increase (decrease) in cash and cash equivalents	\$	145,451 \$	29,561 \$	175,012	
Cash and cash equivalents - beginning (including restricted) Cash and cash equivalents - ending (including restricted)	\$ <u></u>	2,074,520 2,219,971 \$	55,672 85,233 \$	2,130,192 2,305,204	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: Depreciation expense	\$_ \$_	25,353 \$ 121,608 \$	17,858 \$ 4,250 \$	43,211 125,858	
(Increase) decrease in: Accounts receivable Prepaid expenses Net pension asset Pension related deferred outflows OPEB related deferred outflows		(36,444) 3,374 (38,178) 5,303 167	- - - -	(36,444) 3,374 (38,178) 5,303 167	
Increase (decrease) in: Customer deposits Accounts payable Accrued liabilities Compensated absences Net pension liability Net OPEB liability		(88) 150 4,857 133 (62,753) (3,288)	- 91 - - -	(88) 241 4,857 133 (62,753) (3,288)	
Pension related deferred inflows OPEB related deferred inflows Total adjustments Net cash provided by (used for) operating activities	\$_ \$_	75,836 3,175 73,852 99,205 \$	4,341 \$ 22,199 \$	75,836 3,175 78,193 121,404	

Statement of Fiduciary Net Position Fiduciary Fund June 30, 2022

	_	Private-Purpose Trust Fund Maplewood Cemetery	
ASSETS			
Cash and cash equivalents	\$	442,063	
Other receivables		3,755	
Total assets	\$ -	445,818	
LIABILITIES			
Accounts payable	\$	31	
Total liabilities	\$ _	31	
NET POSITION			
Restricted:			
Held in trust for Maplewood Cemetery	\$ _	445,787	

Statement of Change in Fiduciary Net Position Fiduciary Fund For the Year Ended June 30, 2022

		vate-Purpose Trust Fund Maplewood Cemetery
ADDITIONS		
Contributions:		
Sale of cemetery lots	\$	16,000
Burial permits		4,200
Fees		275
Donations	. —	344
Total contributions	\$	20,819
Investment earnings:		
Interest	\$	855
Gain (loss) on investments		508
Total investment earnings	\$	1,363
Total additions	\$	22,182
DEDUCTIONS		
Professional and contractual services	\$	24,750
Other		2,229
Total deductions	\$	26,979
Change in net position	\$	(4,797)
Net position - beginning		450,584
Net position - ending	\$	445,787

Notes to Financial Statements As of June 30, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The Town of Gordonsville, located in Orange County, Virginia, was founded in 1813 and incorporated in 1873. The Town has a population of 1,498 and a land area of .9 square miles.

The Town is governed under the Council-Manager form of government. The Town government, with approximately 15 full-time employees, engages in a wide range of municipal services including: police protection, refuse collection, recycling, street and sidewalk maintenance, streetlights, zoning enforcement, planning and community development, and Town beautification. Judicial administration, educational, fire, library, health and welfare services, and recreational facilities and programs are provided by Orange County.

The financial statements of the Town of Gordonsville, Virginia have been prepared in conformity with accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Financial Reporting Entity

Accounting principles generally accepted in the United States require financial statements to present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The Town has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The Town does not have any discretely presented component units.

The Treasurer is the fiscal agent of Maplewood Cemetery. The financial activities of the Maplewood Cemetery are excluded from the Town's government-wide statements for the following reasons:

- 1. The Cemetery is a separate legal entity;
- 2. The Town is not financially accountable for the Cemetery;
- 3. The Town does not exercise oversight responsibility or authority over the Cemetery trustees, and;
- 4. The Cemetery trustees are separately appointed by the Circuit Court of the County of Orange.

Notes to Financial Statements As of June 30, 2022 (Continued)

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

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County of Buckingham, Virginia's enterprise funds. 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water and sewer functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Town of Gordonsville, Virginia's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so only the net amount is included in governmental balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

Notes to Financial Statements As of June 30, 2022 (Continued)

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

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

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The following is a brief description of the specific funds used by the Town in FY 2022.

1. Governmental Funds:

Governmental Funds are those through which most governmental functions typically are financed.

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

Notes to Financial Statements As of June 30, 2022 (Continued)

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

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

- 1. Governmental Funds: (Continued)
 - b. Special Revenue Fund Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Pool Fund, which is considered a major fund.

2. Proprietary Funds:

Proprietary Funds account for operations that are financed in a manner similar to 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 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. The enterprise funds consist of the Water and Sewer Fund and the Airport Fund, both of which are considered major funds.

3. Fiduciary Funds (Trust and Custodial Funds):

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the Town in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private-Purpose Trust Funds. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Private-Purpose Trust Fund (Maplewood Cemetery) uses the accrual basis of accounting for reporting its assets and liabilities.

F. Program Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

G. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues consist of charges to customers for sales and services.

The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Notes to Financial Statements As of June 30, 2022 (Continued)

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

H. Budgetary Comparison Schedules

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

I. <u>Budgets and Budgetary Accounting</u>

The Town Council annually adopts budgets for the various funds.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. On or before April 1 of each year, the Town Manager submits to 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 notice regarding the proposed budget is circulated in accordance with Virginia statute, and at least one public hearing is conducted at Town Hall to obtain taxpayer comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an appropriation resolution. Town Council may approve supplemental appropriations.
- 4. The legal level of control is at the departmental level within an individual fund. The Town Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions between departments, from the contingency line item, or that alter the total expenditures of any fund must be approved by Town Council.
- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Pool Fund, Water and Sewer Fund, and Airport Fund.
- 6. The budgets for these funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. A review of the presented budget comparisons herein will disclose how accurately Town Council was actually able to forecast the revenues and expenditures of the Town.
- 8. Appropriations lapse on June 30, unless carried forward by a resolution of Town Council.
- 9. Budgetary amounts as presented in the financial statements reflect budget revisions through June 30, 2022.

Notes to Financial Statements As of June 30, 2022 (Continued)

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

J. Expenditures and Appropriations

Expenditures exceeded appropriations in the following departments of the general fund at June 30, 2022:

Department		Overspent
Public works	\$	58,900
Tax Relief for the Elderly		188
Debt Service		38,167

K. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the Town's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

L. Investments

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

The Town's investments at June 30, 2022 consisted of amounts invested in the Local Government Investment Pool.

M. Inventories and Prepaid Items

Inventories are immaterial to the financial statements and are therefore not capitalized as assets.

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

N. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible taxes and water and sewer receivables are \$11,045 and \$58,451, respectively at June 30, 2022.

Notes to Financial Statements As of June 30, 2022 (Continued)

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

O. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and infrastructure of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land improvements	10-40 years
Buildings	20-40 years
Plant, equipment, and infrastructure	25-50 years
Plans and topographic maps	5-40 years
Vehicles	5-7 years
Machinery and Equipment	5-10 years
Intangibles	5-6 years

P. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has several types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid

Notes to Financial Statements As of June 30, 2022 (Continued)

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

P. Deferred Outflows/Inflows of Resources (Continued)

on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pledges, leases, pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Q. Compensated Absences

Vacation

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the Town and, upon separation from service, no monetary obligation exists.

The current amount of leave liability has been estimated at 10%. The balance of compensated absences has been reported as a long-term liability.

R. Pensions

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

S. Other Postemployment Benefits (OPEB)

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

Notes to Financial Statements As of June 30, 2022 (Continued)

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

T. Long-Term Obligations

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

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

U. Use of Estimates

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

V. Net Position

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

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

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.

Notes to Financial Statements As of June 30, 2022 (Continued)

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

W. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

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

When fund balance resources are available for a specific purpose in more than one classification, it is generally 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, which does not lapse at year-end, 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).

Policy requires that the general and enterprise fund balance should equal not less than 10% of the budgeted expenditures for that fund plus an amount equal to the Town's prior debt expense for that fund. If unassigned fund balance is less than this amount, the deficit must be funded within 3 years, 1/3 each year. In fiscal year 2021, the general fund balance was short of the 10% budgeted operating expenses and debt requirements.

Notes to Financial Statements As of June 30, 2022 (Continued)

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

X. Leases

The Town leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The Town recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate, in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Lessor

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

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by
 options to extend to reflect how long the lease is expected to be in effect, with terms and conditions
 varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability or lease receivable.

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease asset and liability or the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

<u>Deposits</u>

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

Investments

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

Custodial Credit Risk (Investments)

The Town's investments at June 30, 2022 were held in the Town's name by the Town's custodial bank.

Credit Risk of Debt Securities

The Town has no investment policy.

The Town's rated debt investments as of June 30, 2022 were rated by <u>Standard & Poor's</u> and/or an equivalent national rating organization and the ratings are presented below using the <u>Standard & Poor's</u> rating scale.

Rated Debt Investments		Ratings
		AAAm
Local Government Investment Pool Local Government Investment Pool - Cemetery	\$	2,565,588 301,107
Total	\$_	2,866,695

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 2-DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

The Town invests funds in low-risk investments backed by U.S. government agencies.

Investment Maturities (in years)

Investment Type		Value	Less Than 1 Year
Local Government Investment Pool Local Government Investment Pool - Cemetery	\$	2,565,588 301,107	\$ 2,565,588 301,107
Total	\$_	2,866,695	\$ 2,866,695

External Investment Pool

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

NOTE 3—LEASE RECEIVABLE:

The Town leases various real property to third parties. The following summarizes the balances related to these leases for the year ended June 30, 2022:

Lease Description	Term Ends	Discount Rate	Lease Receivable June 30, 2022
Klockner Pentaplast (Land)	4/1/2026	1.75% \$	24,839
Office Space	4/1/2023	2.96%	16,377
Warehouse	10/1/2026	2.96%	119,521
GELP (Dominion Energy Virginia)	6/1/2034	3.00%	5,058,140
		\$	5,218,877

Lease revenue under these contracts totaled \$471,012 for the year ended June 30, 2022. Lease interest revenue totaled \$163,420 for the year ended June 30, 2022.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 3—LEASE RECEIVABLE: (CONTINUED)

Future payments under the long-term lease contracts at June 30, 2022 were:

Year										
Ended		Leases								
June 30,		Principal		Interest						
2023	\$	349,575	\$	157,548						
2024		476,946		195,046						
2025		397,701	397,701							
2026		425,556		120,985						
2027		426,517		108,309						
2028-2032		2,534,810		333,419						
2033-2034		607,772		18,519						
	,									
Totals	\$	5,218,877	\$ _	1,066,827						

NOTE 4-PROPERTY TAXES:

Real and personal property taxes are levied on January 1 at a rate enacted by the Town Council on the assessed value of property as determined by the Commissioner of Revenue of Orange County. Neither the Town Charter nor the State of Virginia imposes a limitation on the tax rate. The Town's tax rates for fiscal year 2022 were \$.117, \$.99, and \$.24 per \$100 of real estate, personal property, and machinery and tools assessed valuation, respectively.

Real estate taxes are due in two installments, the first on June 5 and the second on December 5. Personal property taxes are due annually on December 5. A penalty of 10 percent is added to each delinquent installment. No discounts are allowed and interest at 10 percent per annum is also assessed on delinquent installments, beginning January 1.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 5-ACCOUNTS RECEIVABLE:

Accounts receivable are detailed as follows:

	_	Governmental Activities	 Business-type Activities
Property taxes	\$	104,777	\$ -
Meals taxes		84,002	-
Consumer utility taxes		2,141	-
Consumption taxes		349	-
Trash fee		4,614	-
Utility taxes		2,645	-
Park pledges		1,155,800	-
Other	_	12,593	 254,233
Total	\$	1,366,921	\$ 254,233
Allowance for uncollectibles	_	(11,045)	 (58,451)
Net receivables	\$	1,355,876	\$ 195,782

As of June 30, 2022, the Town had received pledges of \$1,310,926 for the Verling Park project. Of that amount, \$52,626 in pledges were collected prior to year-end, leaving a balance of \$1,155,800 as receivable from various donors and \$102,500 pledged from other local governments.

NOTE 6—DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governments are detailed as follows:

	Governmental Activities		 Business-Type Activities		Total
Commonwealth of Virginia:					
Communication tax	\$	3,481	\$ -	\$	3,481
TEA-21 VDOT grant		11,528	-		11,528
CESF grant		35,318	-		35,318
Airport grant		-	5,385		5,385
Other		2,160	-		2,160
County of Orange, Virginia:					
Local sales taxes		47,893	-		47,893
Pledged park donation		100,000	-		100,000
Circuit Court of Orange County, Virginia:					
Court fines		12,319	-		12,319
Town of Orange, Virginia:					
Pledged park donation	_	2,500	 -	_	2,500
Total	\$	215,199	\$ 5,385	\$	220,584

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of changes in capital assets during the fiscal year:

		Balance July 1, 2021		Increases		Decreases		Balance June 30, 2022
Governmental Activities:	_		-		•		_	
Capital assets not being depreciated: Land Construction in progress	\$_	554,744 53,099	\$	- 27,050	\$	-	\$	554,744 80,149
Total capital assets not being depreciated	\$_	607,843	\$_	27,050	\$		\$_	634,893
Other capital assets: Land improvements Buildings and improvements Infrastructure Machinery, equipment and vehicles Total other capital assets	\$ - \$_	141,390 1,504,026 3,119,877 419,473 5,184,766		- - 124,991 124,991	\$	16,392 16,392	\$ \$_	141,390 1,504,026 3,119,877 528,072 5,293,365
Accumulated depreciation: Land improvements Buildings and improvements Infrastructure Machinery, equipment and vehicles	\$_	112,139 613,331 375,741 344,398	\$	3,152 49,523 77,997 39,130	\$	- - - 16,392	\$	115,291 662,854 453,738 367,136
Total accumulated depreciation	\$_	1,445,609	\$_	169,802	\$_	16,392	\$_	1,599,019
Other capital assets, net	\$_	3,739,157	\$	(44,811)	\$	-	\$_	3,694,346
Net capital assets	\$_	4,347,000	\$	(17,761)	\$	-	\$_	4,329,239
Depreciation is allocated to: General government administration Public safety Public works Parks, Recreation, and Cultural			\$	108,823 18,634 38,133 4,212				
Total			\$_	169,802	į.			

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Business-type Activities: Water and Sewer Fund	_	Balance July 1, 2021	_	Increases	_	Decreases	_	Balance June 30, 2022
Capital assets not being depreciated:								
Land	\$	204,978	\$	-	\$	- \$	5	204,978
Construction in progress	_	56,405	-	1,690	-	-	_	58,095
Total capital assets not being								
depreciated	\$_	261,383	\$_	1,690	\$_	<u> </u>	<u> </u>	263,073
Other capital assets:								
Buildings and improvements	\$	1,168,087	\$	-	\$	- \$	5	1,168,087
Infrastructure		2,958,885		-		-		2,958,885
Machinery, equipment and vehicles	_	366,427	_	21,013	_	-	_	387,440
Total other capital assets	\$_	4,493,399	\$_	21,013	\$_	\$	<u> </u>	4,514,412
Accumulated depreciation:								
Buildings and improvements	\$	459,004	\$	39,935	\$	- \$	5	498,939
Infrastructure		1,871,641		62,808		-		1,934,449
Machinery, equipment and vehicles	_	307,967	_	18,865	_	-	_	326,832
Total accumulated depreciation	\$_	2,638,612	\$_	121,608	\$_	<u> </u>	<u> </u>	2,760,220
Other capital assets, net	\$_	1,854,787	\$_	(100,595)	\$_	<u> </u>	<u> </u>	1,754,192
Net capital assets	\$_	2,116,170	\$_	(98,905)	\$_	<u> </u>) _	2,017,265
Depreciation is allocated to:								
Water and sewer operations			\$_	121,608				

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Business-type Activities: Airport Fund	_	Balance July 1, 2021		Increases		Decreases	Balance June 30, 2022
Capital assets not being depreciated:							
Land	\$	1,548	ς	_	\$	- \$	1,548
Construction in progress	_	234,539		15,508		<u> </u>	250,047
Total capital assets not being							
depreciated	\$_	236,087	\$_	15,508	\$_	\$	251,595
Other capital assets:							
Infrastructure	\$_	169,988	\$_	-	\$_	\$	169,988
Total other capital assets	\$_	169,988	\$_	-	\$_	\$	169,988
Accumulated depreciation:							
Infrastructure	\$_	64,290	\$_	4,250	\$_	\$	68,540
Total accumulated depreciation	\$_	64,290	\$_	4,250	\$_	<u> </u>	68,540
Other capital assets, net	\$_	105,698	\$_	(4,250)	\$_	\$	101,448
Net capital assets	\$	341,785	\$_	11,258	\$_	<u>-</u> \$	353,043
Depreciation is allocated to: Airport operations			\$_	4,250	_		

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 8-UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

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

	Government-wide Statements Governmental Activities		Balance Sheet Governmental Funds		
Deferred/Unavailable Revenue:					
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	_	\$	21,951		
2nd half assessments due after June 30	68,297		68,297		
Prepaid property taxes due after June 30 but paid in advance by taxpayers	8,177		8,177		
Total deferred/unavailable tax revenue \$	76,474	\$	98,425		
Unavailable revenue for park pledges Unavailable revenue for long-term leases Prepaid rent due after June 30 but paid in advance	1,258,300 5,144,247 1,537		1,258,300 5,144,247 1,537		
Total deferred/unavailable revenue \$	6,480,558	\$_	6,502,509		
Unearned revenue: ARPA grant \$	842,464	\$	842,464		

NOTE 9—COMPENSATED ABSENCES:

The Town has accrued the liability arising from outstanding compensated absences. Town employees earn vacation and sick leave based upon length of service. The Town has outstanding accrued compensated absences totaling \$44,641 in governmental activities (funded by the General Fund) and \$4,640 in the Water and Sewer Fund.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 10-LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligations of the Town for the year ended June 30, 2022.

		Balance July 1, 2021		Issuances/ Increases	Retirements/ Decreases		Balance June 30, 2022
Long-term liabilities payable from governmental activities:							
Direct borrowing and placements:							
VRA Bond	\$	110,700	\$	- \$	54,000	\$	56,700
GO Bonds		1,116,965		-	75,639		1,041,326
Premium on Bond		2,822		-	2,107		715
Settlement Agreement - Orange County		47,500		-	9,500		38,000
Financed purchase		14,940		-	7,470		7,470
Net pension liability		210,790		253,414	464,204		-
Net OPEB liability		43,982		10,677	24,879		29,780
Compensated absences	-	38,824		5,817	<u> </u>		44,641
Total from governmental activities	\$	1,586,523	\$	269,908 \$	637,799	\$	1,218,632
Long-term liabilities payable from							
business-type activities:							
Direct borrowing and placements:							
VRA Bond	\$	94,300	\$	- \$	46,000	\$	48,300
GO Bonds		226,833		-	15,361		211,472
Premium on Bond		2,403		-	1,795		608
Net pension liability		62,753		72,813	135,566		-
Net OPEB liability		13,093		4,560	7,848		9,805
Compensated absences		4,507	-	133			4,640
Total from business-type activities	\$	403,889	\$	77,506 \$	206,570	\$	274,825
Total long-term obligations	\$	1,990,412	\$	347,414 \$	844,369	\$	1,493,457
Reconciliation to Exhibit 1:							
Long-term liabilities:							
Due within one year						\$	222,521
Due in more than one year						•	1,270,936
Total long-term liabilities						\$	1,493,457

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 10-LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ended			es 2011B 000	VML/VACO Series 2018A/2018 \$1,601,600		Direct Borrowings and Placements Total		Orange Co Settlement A \$95,00	greement
June 30,		Principal	Interest	Principal	Interest	Principal Interest		Principal	Interest
2023	\$	105,000	2,691	94,300	43,966	199,300	46,657 \$	9,500 \$	-
2024		-	-	97,800	40,471	97,800	40,471	9,500	-
2025		-	-	101,400	36,846	101,400	36,846	9,500	-
2026		-	-	105,200	33,084	105,200	33,084	9,500	-
2027		-	-	109,000	29,183	109,000	29,183	-	-
2028-2032		-	-	609,300	82,050	609,300	82,050	-	-
2033	_			135,800	2,481	135,800	2,481	-	
Totals	\$	105,000 \$	2,691 \$	1,252,800 \$	268,081 \$	1,357,800 \$	270,772 \$	38,000 \$	-

Future payments due on the financed purchase are as follows:

Year Ended	ID Record \$42	
June 30,	 Principal	Interest
2023	\$ 7,470	\$ -
Totals	\$ 7,470	\$ -

Notes to Financial Statements As of June 30, 2022 (Continued)

Details of Long-term Indebtedness:

NOTE 10-LONG-TERM OBLIGATIONS: (CONTINUED)

	Amount Outstanding	Due Within One Year
Governmental Activities:		
Bonds (Direct Borrowings and Placements):		
On October 15, 2011, the Town issued General Obligation Refunding Bonds in the amount of \$905,000 with interest rates ranging from 2.125% to 5.125% through November 1, 2022. Annual installments are due ranging from \$65,000 to \$105,000. The Town issued the bonds to advance refund \$1,050,000 of the outstanding series 2002 General Obligation Refunding Bonds with interest rates ranging between 3.125% and 5.125%. The refunding reduced total debt service payments over the next 11 years by approximately \$151,860, with a present value savings of \$128,528. The agreement with the Virginia Resources Authority provides that the obligations will be repaid from revenues generated by the Town. The principal and interest payments have been allocated 54% to the general fund and 46% to the water and		
sewer fund.	\$ 56,700	\$ 56,700

Premium on Issuance	\$	715 \$	715
On Fahren 27, 2010, the Term investor Obligation Defending Denda in	41		

On February 26, 2018, the Town issued General Obligation Refunding Bonds in the amount of \$900,000 and \$701,600 with interest at 3.28% and 4.11%, respectively, through August 1, 2032. Annual installments are due ranging from \$48,700 to \$74,600. Proceeds were used to pay off interim financing. Proceeds have been allocated 83% to the general fund and 17% to the water and sewer fund.

Total direct borrowings and placements (bonds payable)	\$ 1,098,741	\$ 135,797
Settlement Agreement:		

The Town entered into a settlement agreement with Orange County, Virginia in December 2016 related to the County Treasurer's overpayment of \$95,000 in sales tax to the Town. The settlement terms require ten (10) annual payments of \$9,500 without interest beginning July 1, 2017.

1,041,326 \$

Total

Amount

78,382

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 10-LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Indebtedness: (Continued)

		Total Amount Outstanding	_	Amount Due Within One Year
Financed purchase: In February 2019, the Town entered into an agreement through February, 2023 to finance the purchase of ID Records Software. This agreement provides for two annual payments in the amount of \$6,060 and four annual payments in the amount of \$7,470, with no interest. The software was capitalized in the amount of \$42,000				
with accumulated depreciation of \$11,921 at June 30, 2020.	\$	7,470	\$_	7,470
Net OPEB liability	\$	29,780	\$_	-
Compensated absences	\$	44,641	\$_	4,464
Total long-term obligations from governmental activities	\$	1,218,632	\$_	157,231
Business-type Activities:				
Bonds (Direct Borrowings and Placements):				
Payments on the \$905,000 bond described above are allocated 46% to the water and sewer fund.	\$	48,300	\$	48,300
Payments on the 2018 bonds described above are allocated 17% to the water and	•		_	
sewer fund.	\$	211,472	\$_	15,918
Total direct borrowings and placements (bonds payable)	\$	259,772	\$_	64,218
Premium on Issuance	\$	608	\$_	608
Net OPEB liability	\$	9,805	\$_	
Compensated absences	\$	4,640	\$_	464
Total long-term obligations from business-type activities	\$	274,825	\$_	65,290

In the event of a default on the 2011 bonds, the lender may declare the unpaid principal balance, along with all accrued interest thereon, to be immediately due and payable. In the event of default on the 2018 bonds, the unpaid principal amount of the bond shall bear interest at the rate of 12 percent per annum or the maximum rate permitted under applicable law, whichever is less.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 11-LEASE AND RELATED AGREEMENTS:

Lease of Land

On February 5, 1992, the Town Council granted an option to lease land to a company that used the land to build an energy cogeneration plant. The option was exercised during the fiscal year ended June 30, 1993.

The lease operates under three separate terms: the Preliminary Term, the Initial Term, and the Renewal Term. The Preliminary Term extended from February 5, 1992 until February 5, 1996. The Initial Term extends from the end of the Preliminary Term for a period of thirty years. Under the terms of the lease agreement, the tenant would then have the option of renewing the lease for one Renewal Term, which would extend the entire option/lease agreement to no more than forty years.

Rent revenue under the contract totals approximately \$232,000 per year, not including miscellaneous charges. For the fiscal year ended June 30, 2023, rent and miscellaneous charges totaled \$435,501.

Water Agreements

On January 28, 1993, the Town agreed to reserve not less than 3,000,000 gallons per month (gpm) of potable water for the plant's use as process water and its normal domestic potable water supply. The rate charged is equal to the Town's rate from the water provider plus the amount the Town adds to those rates. This agreement was effective upon execution by both parties. The initial term of the agreement ends thirty years from the date of execution and automatically renews at the end of the initial term and each of two additional five-year periods, unless written notice is received of the plant's intention not to renew at least one year prior to the expiration of the initial term or any renewal period.

On August 16, 1993, the water agreement was amended to provide 6,000,000 gpm. The rates charged on the first 3,000,000 gpm are based on the original agreement. However, rates on the second 3,000,000 gpm are dependent upon use. The plant shall pay the Town's markup on the second 3,000,000, whether any portion of the Town Water Supply is actually delivered or not. If delivery of any portion of the second 3,000,000 is made, in addition to the monthly markup payment, the Town shall be paid the actual cost by the Town to the provider for that portion in excess of the first 100,000 used by the plant.

On July 18, 1994, a quarry water agreement was entered into between these same parties. This allowed the plant to design and construct a system necessary to withdraw water from the Quarry and transport 5,000,000 gpm to the power production facility. The plant was given the non-exclusive right, but not the obligation, to withdraw and use up to 5,000,000 gpm of Quarry Water. The plant pays the Town a rate of 20% of the Industrial Water Rate as periodically changed by amendments to the Town Code per month for the reservation of the Reserved Water. Therefore, no further payments are to be made for withdrawals of the reserved water unless such withdrawals exceed 5,000,000 gpm. All water withdrawn in excess of 5,000,000 gpm shall be paid at a rate of 20% of the Industrial Water Rate as periodically changed by amendments to the Town Code. This agreement was effective upon execution by both parties. The initial term of the agreement ends thirty years from the date of execution and automatically renews at the end of the initial term and each of two additional five-year periods, unless written notice is received of the plant's intention not to renew at least one year prior to the expiration of the initial term or any renewal period.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 11—LEASE AND RELATED AGREEMENTS: (CONTINUED)

Water Agreements (Continued)

On April 18, 2016, a quarry water access agreement and deed of easement was entered into between the Town and Klockner Pentaplast of America, Inc. The term of the agreement is 5 years and the parties agreed to enter into good faith negotiations to extend the term of the agreement at least 6 months prior to the expiration of the initial term of the agreement. An addendum dated April 18, 2021 extended the agreement for 5 additional years. Klockner shall pay the Town annual amounts ranging from \$6,105 to \$6,544 under the agreement addendum.

NOTE 12-PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by VRS Retirement Plan upon employment. This agent multiple-employer plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the <u>Code of Virginia</u>, 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.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation 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.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	6
Inactive members:	
Vested inactive members	3
Non-vested inactive members	14
Inactive members active elsewhere in VRS	16
Total inactive members	33
Active members	17
Total covered employees	56

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the <u>Code of Virginia</u>, 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, 2022 was 14.31% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$103,800 and \$95,911 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

The net pension asset (NPA) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The Town's net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12-PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation 2.50%

Salary increases, including inflation 3.50% - 5.35%

Investment rate of return 6.75%, net of pension plan investment

expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12-PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

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

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

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

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12—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%	0.05	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
	*Expected arithme	tic nominal return	7.39%

^{*} The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, 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 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

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12—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, 2021, 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, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

		Increase (Decrease)					
		Total		Plan		Net	
		Pension		Fiduciary		Pension	
		Liability		Net Position	L	iability (Asset	
	_	(a)	_	(b)		(a) - (b)	
Balances at June 30, 2020	\$_	1,898,092	\$	1,624,549	\$	273,543	
Changes for the year:							
Service cost	\$	107,959	\$	-	\$	107,959	
Interest		124,689		-		124,689	
Changes of assumptions		91,068		-		91,068	
Differences between expected							
and actual experience		(184,911)		-		(184,911)	
Contributions - employer		-		95,912		(95,912)	
Contributions - employee		-		32,396		(32,396)	
Net investment income		-		455,378		(455,378)	
Benefit payments, including refunds							
of employee contributions		(101,705)		(101,705)		-	
Administrative expenses		-		(1,081)		1,081	
Other changes		-		43		(43)	
Net changes	\$_	37,100	\$	480,943	\$	(443,843)	
Balances at June 30, 2021	\$_	1,935,192	\$	2,105,492	\$	(170,300)	

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

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

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

		Rate	
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's Net Pension Liability (Asset)	\$ 123,826 \$	(170,300) \$	(408,316)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$21,815. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$	20,720	\$ 110,271
Changes of assumptions		56,152	-
Net difference between projected and actual earnings on pension plan investments		-	229,790
Changes in proportionate share		2,434	2,434
Employer contributions subsequent to the measurement date	_	103,800	<u>-</u>
Total	\$	183,106	\$ 342,495

\$103,800 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2023	\$ (72,803)
2024	(67,720)
2025	(53,696)
2026	(68,970)
Thereafter	-

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report-pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS:

Group Life Insurance (GLI) Plan

Plan Description

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

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

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

Eligible Employees

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

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

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 \$8,722 as of June 30, 2022.

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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$4,159 and \$3,794 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the entity reported a liability of \$39,585 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was .00340% as compared to .00342% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$415. 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.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	_	Deferred Outflows of Resources	 Deferred Inflows of Resources	
Differences between expected and actual experience	\$	4,515	\$ 302	
Net difference between projected and actual earnings on GLI OPEB plan investments		-	9,448	
Change in assumptions		2,182	5,416	
Changes in proportionate share		751	3,510	
Employer contributions subsequent to the measurement date	_	4,159	 	
Total	\$_	11,607	\$ 18,676	

\$4,159 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, 2023. 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	
2023	\$ (3,157)
2024	(2,223)
2025	(1,799)
2026	(3,345)
2027	(704)
Thereafter	-

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation 2.50%

Salary increases, including inflation:

Locality - General employees 3.50%-5.35% Locality - Hazardous Duty employees 3.50%-4.75%

Investment rate of return 6.75%, net of investment expenses,

including inflation

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2020 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

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

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

The actuarial assumptions used in the June 30, 2020 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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability Plan Fiduciary Net Position	\$	3,577,346 2,413,074
GLI Net OPEB Liability (Asset)	\$ <u></u>	1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
	*Expected arithme	tic nominal return	7.39%

^{*}The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, 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%.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 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	_					
GLI Plan Net OPEB Liability	\$	57,835 \$	39,585 \$	24,847		

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Line of Duty Act (LODA)

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

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Line of Duty Act (LODA) (Continued)

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2022 was \$7,311.

NOTE 14—CONTINGENT LIABILITIES:

On August 31, 2021, the Town received \$175,000 in funds from a legal settlement related to the Freight Depot Project. At June 30, 2022 there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

NOTE 15-COMMITMENTS:

The Town had commitments at year-end related to several projects. Outstanding amounts are as follows:

	_	Contract Amount	_	Spent to Date	Balance of Contract
Town Hall Parking Lot	\$	44,600	\$	27,900 \$	16,700
Safe Routes - Town share		47,796		26,599	21,197
Wayfinding Signage		85,940		40,666	45,274
Airport Runway Rehabilitation		2,219,331		174,669	2,044,662
Verling Park and Dix Memorial Pool Improvements	_	266,636		21,004	245,632
Total	\$_	2,664,303	\$_	290,838 \$	2,373,465

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 16-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 participates with other localities in a public entity risk pool for coverage of workers' compensation with Virginia Municipal league and public officials' liability with the Virginia Department of Risk Management. The Town pays an annual premium to the pools for its insurance through member premiums. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17-INTERGOVERNMENTAL AGREEMENT:

In September 2007, the Town entered into a raw water storage basin agreement with the Town of Orange, Virginia. The agreement stipulates that the interest cost to Orange for the financing of the construction of the raw water storage basin will be borne by Gordonsville and Orange in proportion to the monthly amount each takes of the finished water produced by Orange. The agreement shall continue until payments are made for forty (40) years or until the bonds are paid off, whichever occurs first. The Town of Gordonsville made payments totaling \$11,807 during fiscal year 2022 pursuant to the agreement.

NOTE 18-ADOPTION OF ACCOUNTING PRINCIPLES AND RESTATEMENT OF BEGINNING BALANCES:

The Town implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, Leases and 92, Omnibus 2020 during the fiscal year ended June 30, 2022. Statement No. 87, Leases requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, Omnibus 2020 addresses a variety of topics, including leases. Using the facts and circumstances that existed at the beginning of the year of implementation, the below balances were recognized as of July 1, 2021 related to the leases. There was also a restatement to write off receivables from VDOT, for project expenses that will not be reimbursed.

	_	General Fund	Governmental Activities
Fund Balance/Net Position as reported at June 30, 2021	\$	86,350 \$	3,091,824
Writeoff of VDOT receivable Leases receivable Leases deferred inflows of resources	_	(41,895) 5,615,259 (5,615,259)	(41,895) 5,615,259 (5,615,259)
Fund Balance/Net Position as restated at July 1, 2021	\$	44,455 \$	3,049,929

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 19—UPCOMING PRONOUNCEMENTS:

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

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

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.

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

NOTE 20—SUBSEQUENT EVENTS:

COVID-19 Pandemic and Funding

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

Notes to Financial Statements As of June 30, 2022 (Continued)

NOTE 20—SUBSEQUENT EVENTS: (CONTINUED)

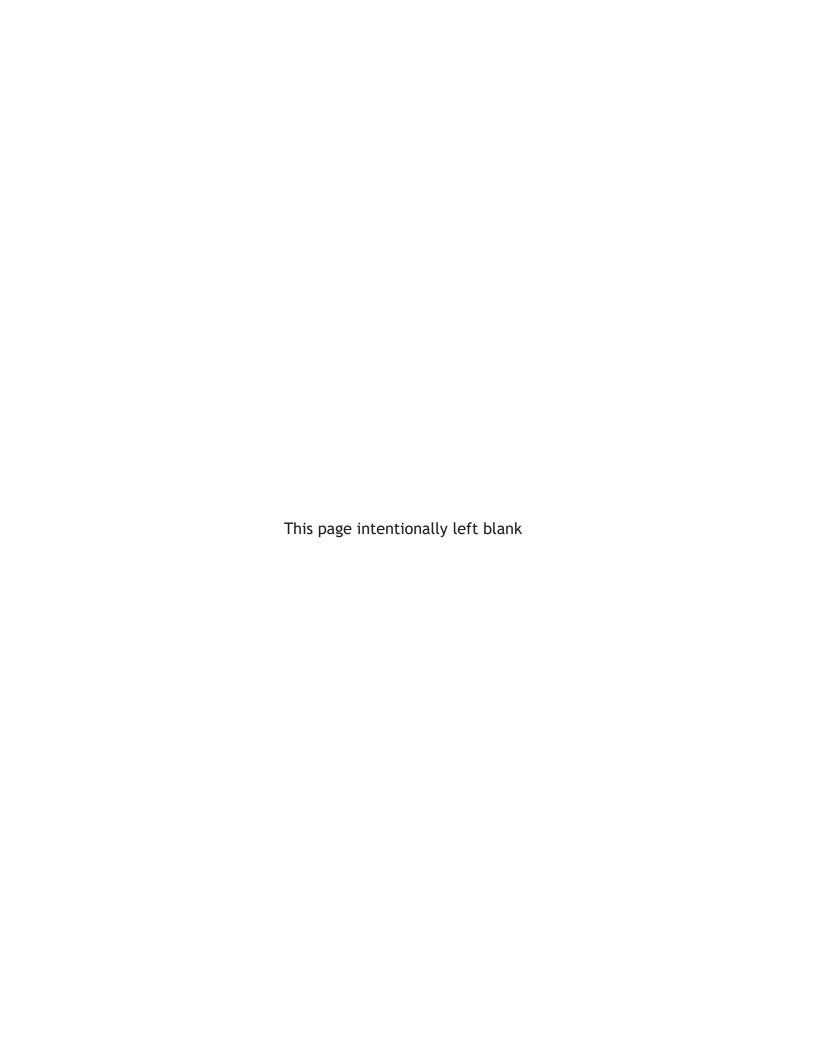
ARPA Funding

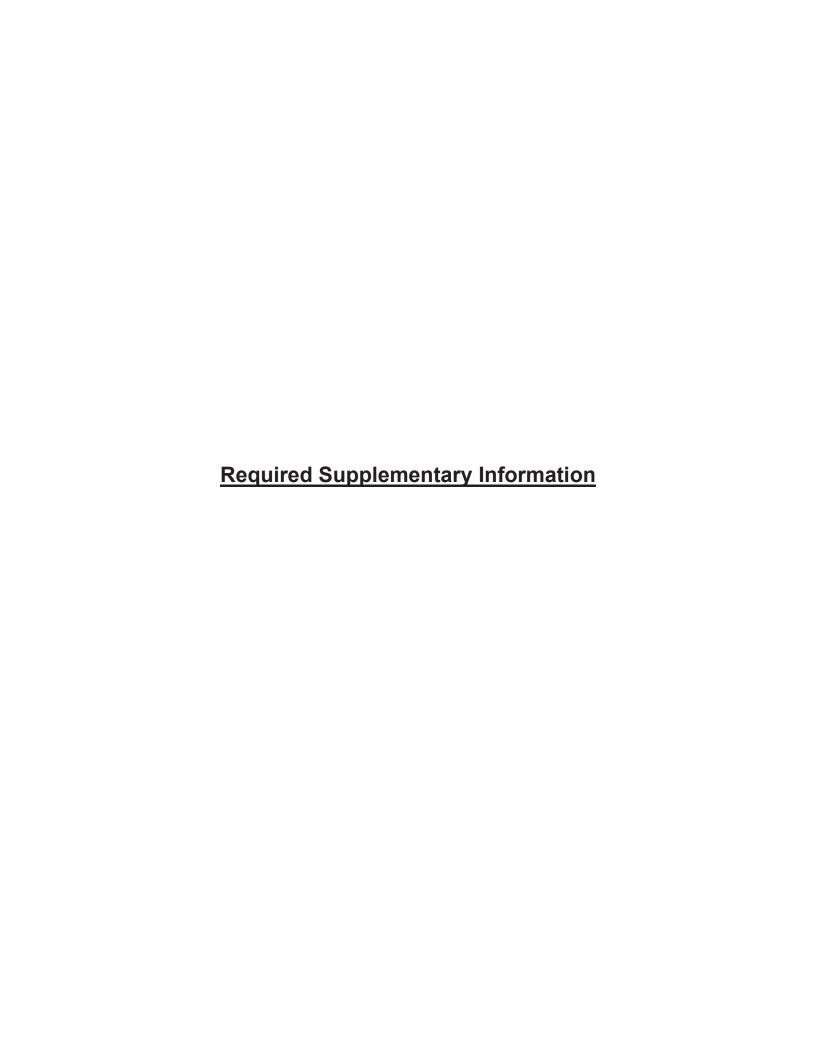
On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning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

On June 30, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$842,464 from the initial allocation are reported as unearned revenue as of June 30. The 2nd half of CSLFRF funds was received in fiscal year 2023.

Other Subsequent Events

- In December 2022, the Town signed the Land Water Conservation Fund grant award agreement in the amount of \$1,605,750, funding 50% the park redevelopment project cost of \$3,211,500. The Virginia Department of Conservation & Recreation will serve as the pass-through agency for grant funding distributed from the National Park Service. Related to this project, the Town entered into an agreement with LPDA in the amount of \$204,645 for development of design and construction documents for the park redevelopment project.
- On April 17, 2023, the Town accepted a 1.884-acre parcel of property dedicated to open-space land as part of the Verling Park expansion and redevelopment project.





General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2022

	_	Budgeted A	mounts	Actual	Variance with Final Budget -
		Original	Final	Actual Amounts	Positive (Negative)
REVENUES	_				
General property taxes	\$	253,400 \$	253,400 \$	273,983	20,583
Other local taxes		789,800	789,800	970,081	180,281
Permits, privilege fees, and regulatory licenses		1,250	1,250	494	(756)
Fines and forfeitures		120,000	120,000	156,669	36,669
Revenue from the use of money and property		551,825	551,825	960,296	408,471
Miscellaneous		88,550	88,550	146,008	57,458
Recovered costs		-	-	178,800	178,800
Intergovernmental:					
Commonwealth		121,790	121,790	128,774	6,984
Federal	_	96,130	137,162	101,709	(35,453)
Total revenues	\$_	2,022,745 \$	2,063,777 \$	2,916,814	853,037
EXPENDITURES					
Current:					
General government administration	\$	508,365 \$	508,365 \$	404,788	103,577
Public safety		646,040	687,072	680,383	6,689
Public works		482,810	505,598	564,498	(58,900)
Health and welfare		4,500	4,500	4,688	(188)
Parks, recreation, and cultural		53,750	53,750	50,622	3,128
Community development		1,200	1,200	1,200	-
Capital projects		385,600	394,600	124,340	270,260
Debt service:					
Principal retirement		121,120	121,120	146,609	(25,489)
Interest and other fiscal charges		30,957	30,957	43,635	(12,678)
Total expenditures	\$	2,234,342 \$	2,307,162 \$	2,020,763	286,399
Excess (deficiency) of revenues over (under)					
expenditures	\$_	(211,597) \$	(243,385) \$	896,051	1,139,436
OTHER EINANCING SOURCES (USES)				_	
OTHER FINANCING SOURCES (USES) Transfers out	ċ	(190 (90) Ċ	(100 400) Ċ	(4.262) (100 417
	\$_ s	(189,680) \$ (189,680) \$	(189,680) \$ (189,680) \$	(1,263) \$	
Total other financing sources (uses)	۰ -	(107,000) \$	(107,000) \$	(1,263)	188,417
Net change in fund balances	\$	(401,277) \$	(433,065) \$	894,788	1,327,853
Fund balances - beginning, as restated		401,277	433,065	44,455	(388,610)
Fund balances - ending	\$	- \$	- \$	939,243	939,243

Pool Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2022

	_	Budgeted A	mounts			Variance with Final Budget -
		Original	Final		Actual Amounts	Positive (Negative)
REVENUES						
Charges for services	\$	4,650 \$	4,650	\$	- \$	(4,650)
Miscellaneous		2,500	2,500		10	(2,490)
Total revenues	\$	7,150 \$	7,150	\$_	10 \$	(7,140)
EXPENDITURES						
Current:						
Parks, recreation, and cultural	\$	22,000 \$	22,000	\$_	11,798 \$	10,202
Total expenditures	\$	22,000 \$	22,000	\$_	11,798 \$	10,202
Excess (deficiency) of revenues over (under)						
expenditures	\$_	(14,850) \$	(14,850)	\$_	(11,788)	3,062
OTHER FINANCING SOURCES (USES)						
Transfers in	\$	14,850 \$	14,850	\$	1,263 \$	(13,587)
Total other financing sources (uses)	\$	14,850 \$	14,850	\$_	1,263 \$	(13,587)
Net change in fund balances	\$	- \$	-	\$	(10,525) \$	(10,525)
Fund balances - beginning		-	-		76,405	76,405
Fund balances - ending	\$	- \$	-	\$_	65,880 \$	65,880

Page 1 of 2

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Virginia Retirement System - Pension Plan For the Measurement Dates of June 30, 2014 through June 30, 2021

Total pension liability Service cost \$ 107,959 \$ 124,267 \$ 85,856 \$ Interest 124,689 110,602 102,881 Changes in benefit terms	92,413 92,717 - - 24,279
Interest	92,717
Changes in benefit terms - - - Changes of assumptions 91,068 - 54,676 Differences between expected and actual experience (184,911) 56,444 (13,709) Benefit payments (101,705) (63,543) (58,230) Net change in total pension liability \$ 37,100 227,770 \$ 171,474 \$ Total pension liability - beginning 1,898,092 1,670,322 1,498,848 Total pension liability - ending (a) \$ 1,935,192 \$ 1,898,092 \$ 1,670,322 \$ Plan fiduciary net position Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	-
Changes of assumptions 91,068 - 54,676 Differences between expected and actual experience (184,911) 56,444 (13,709) Benefit payments (101,705) (63,543) (58,230) Net change in total pension liability \$ 37,100 \$ 227,770 \$ 171,474 \$ Total pension liability - beginning 1,898,092 1,670,322 1,498,848 Total pension liability - ending (a) \$ 1,935,192 \$ 1,898,092 \$ 1,670,322 \$ \$ 1,670,322 \$ Plan fiduciary net position Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	- - 24,279
Differences between expected and actual experience (184,911) 56,444 (13,709) Benefit payments (101,705) (63,543) (58,230) Net change in total pension liability - beginning \$ 37,100 \$ 227,770 \$ 171,474 \$ 171,474 \$ 1,898,092 \$ 1,670,322 \$ 1,498,848 Total pension liability - ending (a) \$ 1,935,192 \$ 1,898,092 \$ 1,670,322 \$	- 24,279
Benefit payments (101,705) (63,543) (58,230) Net change in total pension liability \$ 37,100 \$ 227,770 \$ 171,474 \$ Total pension liability - beginning 1,898,092 1,670,322 1,498,848 Total pension liability - ending (a) \$ 1,935,192 \$ 1,898,092 \$ 1,670,322 \$ Plan fiduciary net position Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	24,279
Net change in total pension liability \$ 37,100 \$ 227,770 \$ 171,474 \$ Total pension liability - beginning 1,898,092 1,670,322 1,498,848 Total pension liability - ending (a) \$ 1,935,192 \$ 1,898,092 \$ 1,670,322 \$ Plan fiduciary net position Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	
Total pension liability - beginning 1,898,092 1,670,322 1,498,848 Total pension liability - ending (a) \$ 1,935,192 \$ 1,898,092 \$ 1,670,322 \$ Plan fiduciary net position Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	(70,183)
Plan fiduciary net position \$ 1,935,192 \$ 1,898,092 \$ 1,670,322 \$ Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	139,226
Plan fiduciary net position Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	1,359,622
Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	1,498,848
Contributions - employer \$ 95,912 \$ 67,187 \$ 67,996 \$ Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	
Contributions - employee 32,396 33,775 34,286 Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	E7 E70
Net investment income 455,378 30,029 97,396 Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	57,578
Benefit payments (101,705) (63,543) (58,230) Administrator charges (1,081) (968) (883)	32,502
Administrator charges (1,081) (968) (883)	97,096
	(70,183)
011 (27)	(806)
Other 43 (37) (62)	(88)
Net change in plan fiduciary net position \$ 480,943 \$ 66,443 \$ 140,503 \$	116,099
Plan fiduciary net position - beginning 1,624,549 1,558,106 1,417,603	1,301,504
Plan fiduciary net position - ending (b) $\frac{2,105,492}{1,624,549}$ $\frac{1,558,106}{1,558,106}$	1,417,603
Town's net pension liability (asset) - ending (a) - (b) \$ (170,300) \$ 273,543 \$ 112,216 \$	81,245
Plan fiduciary net position as a percentage of the	
total pension liability 108.80% 85.59% 93.28%	94.58%
Covered payroll \$ 684,089 \$ 703,957 \$ 706,527 \$	669,139
Town's net pension liability (asset) as a percentage of covered payroll -24.89% 38.86% 15.88%	

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.

Page 2 of 2

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Virginia Retirement System - Pension Plan For the Measurement Dates of June 30, 2014 through June 30, 2021

		2017	2016	2015	2014
Total pension liability					
Service cost	\$	86,025 \$	88,347 \$	69,845 \$	73,034
Interest		89,159	77,652	71,368	64,493
Changes in benefit terms		-	50,110	-	-
Changes of assumptions		(13,270)	-	-	-
Differences between expected and actual experience		(28,010)	25,841	197	-
Benefit payments		(95,952)	(59,202)	(44,053)	(34,594)
Net change in total pension liability	\$	37,952 \$	182,748 \$	97,357 \$	102,933
Total pension liability - beginning		1,321,670	1,138,922	1,041,565	938,632
Total pension liability - ending (a)	\$	1,359,622 \$	1,321,670 \$	1,138,922 \$	1,041,565
	_				
Plan fiduciary net position					
Contributions - employer	\$	56,233 \$	70,801 \$	46,261 \$	54,881
Contributions - employee		31,436	34,569	32,323	30,927
Net investment income		140,641	22,237	48,238	135,910
Benefit payments		(95,952)	(59,202)	(44,053)	(34,594)
Administrator charges		(797)	(643)	(613)	(682)
Other		(127)	(9)	(9)	7
Net change in plan fiduciary net position	\$	131,434 \$	67,753 \$	82,147 \$	186,449
Plan fiduciary net position - beginning		1,170,070	1,102,317	1,020,170	833,721
Plan fiduciary net position - ending (b)	\$	1,301,504 \$	1,170,070 \$	1,102,317 \$	1,020,170
Town's net pension liability (asset) - ending (a) - (b)	\$	58,118 \$	151,600 \$	36,605 \$	21,395
Plan fiduciary net position as a percentage of the total pension liability		95.73%	88.53%	96.79%	97.95%
Covered payroll	\$	651,297 \$	698,070 \$	646,575 \$	620,712
Town's net pension liability (asset) as a percentage of covered payroll		8.92%	21.72%	5.66%	3.45%

Schedule of Employer Contributions - Pension Plan For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)*	 Contributions in Relation to Contractually Required Contribution (2)*	 Contribution Deficiency (Excess) (3)	 Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 103,800	\$ 103,800	\$ -	\$ 739,572	14.04%
2021	95,911	95,911	-	684,089	14.02%
2020	67,114	67,114	-	703,957	9.53%
2019	67,988	67,988	-	706,527	9.62%
2018	57,560	57,560	-	669,139	8.60%
2017	56,233	56,233	-	651,297	8.63%
2016	70,801	70,801	-	698,070	10.14%
2015	49,440	49,440	-	646,575	7.65%
2014	54,436	54,436	-	620,712	8.77%
2013	54,330	54,330	-	619,494	8.77%

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

Notes to Required Supplementary Information - Pension Plan For the Year Ended June 30, 2022

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

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

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

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

Mortality Rates (pre-retirement, post-	Update to Pub-2010 public sector mortality tables. Increased disability life
retirement healthy, and disabled)	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, 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.00340%		\$ 702,725	5.63%	67.45%
2021	0.00340%	57,075	702,723	8.11%	52.64%
2019	0.00361%	58,745	706,527	8.31%	52.00%
2018	0.00352%	54,000	669,139	8.07%	51.22%
2017	0.00356%	53,589	656,026	8.17%	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, 2013 through June 30, 2022

Date	 Contractually Required Contribution (1)	_	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 4,159	\$	4,159	\$ -	\$ 770,215	0.54%
2021	3,794		3,794	-	702,725	0.54%
2020	3,661		3,661	-	703,957	0.52%
2019	3,674		3,674	-	706,527	0.52%
2018	3,480		3,480	-	669,139	0.52%
2017	3,411		3,411	-	656,026	0.52%
2016	3,351		3,351	-	698,070	0.48%
2015	3,104		3,104	-	646,575	0.48%
2014	2,979		2,979	-	620,712	0.48%
2013	2,974		2,974	-	619,494	0.48%

Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan For the Year Ended June 30, 2022

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

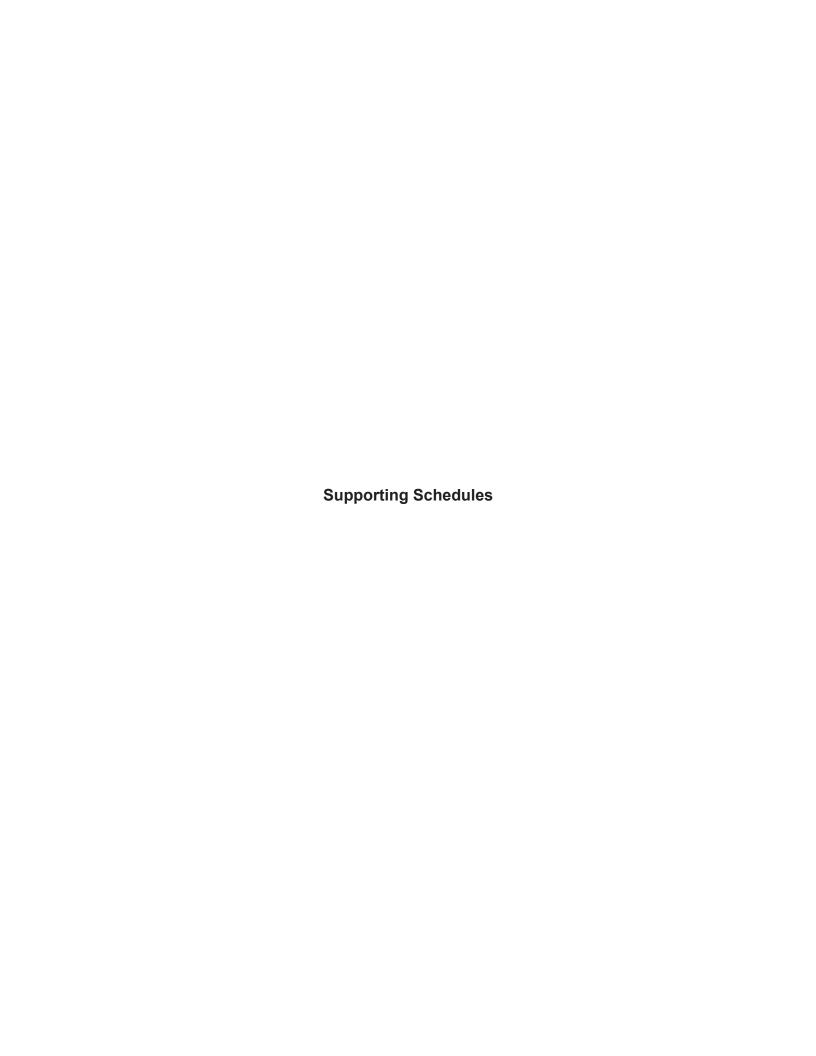
Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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





Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2022

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund:								
Revenue from local sources:								
General property taxes:								
Real property taxes	\$	148,900	\$	148,900	\$	155,908	\$	7,008
Real and personal public service								
corporation taxes		6,000		6,000		4,945		(1,055)
Personal property taxes		70,000		70,000		74,873		4,873
Mobile home taxes		-		-		8		8
Machinery and tools taxes		13,000		13,000		7,758		(5,242)
Penalties		5,500		5,500		22,341		16,841
Interest and other fees		10,000		10,000	–	8,150		(1,850)
Total general property taxes	\$ _	253,400	- ^{\$} -	253,400	. ^Ş _	273,983	Ş.	20,583
Other local taxes:								
Local sales and use taxes	\$	110,000	\$	110,000	\$	134,680	\$	24,680
Consumers' utility taxes		31,500		31,500		31,761		261
Cigarette taxes		39,000		39,000		48,000		9,000
Business license taxes		104,000		104,000		119,550		15,550
Motor vehicle licenses		35,000		35,000		30,286		(4,714)
Bank stock taxes		30,800		30,800		55,287		24,487
Cable franchise taxes		2,500		2,500		9,884		7,384
Restaurant food taxes		425,000		425,000		525,414		100,414
Water tax Total other local taxes	s-	12,000 789,800	- د -	12,000 789,800	- _s –	15,219 970,081	ς	3,219 180,281
	Ť –	707,000	- ~ -	707,000	·	770,001	٠.	100,201
Permits, privilege fees, and regulatory licenses:		4.050		4 050		10.1	_	(75.4)
Permits and other licenses	\$_	1,250	-\$-	1,250	۰۶_	494	۶.	(756)
Total permits, privilege fees, and	ċ	4 350	۲	4 350	Ļ	40.4	۲	(757)
regulatory licenses	\$_	1,250	- \$ -	1,250	- ^{>} –	494	\$	(756)
Fines and forfeitures:							_	
Court fines and forfeitures	\$_	120,000		120,000		156,669		36,669
Total fines and forfeitures	\$_	120,000	٠ -	120,000	- ۶_	156,669	۶.	36,669
Revenue from use of money and property:								
Revenue from use of money	\$	3,000	\$	3,000	\$	170,308	\$	167,308
Revenue from use of property	_	548,825		548,825	_	789,988		241,163
Total revenue from use of money			_				_	
and property	\$_	551,825	- Ş -	551,825	· ^{\$} _	960,296	\$	408,471
Miscellaneous:								
Miscellaneous	\$	88,550		88,550		146,008		57,458
Total miscellaneous revenue	\$_	88,550	\$	88,550	\$	146,008	\$	57,458
Total revenue from local sources	\$_	1,804,825	\$_	1,804,825	\$_	2,686,331	\$	706,506
Recovered costs:								
Insurance recovery	\$	-	\$	-	\$	3,800	\$	3,800
Legal settlement		-		-		175,000		
Total recovered costs	\$	-	\$	-	\$	178,800	\$	3,800

Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source		Original Budget	_	Final Budget		Actual	_	Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Intergovernmental:								
Revenue from the Commonwealth:								
Noncategorical aid:								
Rolling stock taxes	\$	990	\$	990	\$	975	\$	(15)
Motor vehicle rental tax	•	-		-	·	2,857		2,857
Communication taxes		25,000		25,000		21,765		(3,235)
Personal property tax relief funds		33,700		33,700		33,719		19
Skills game tax		-		-		1,440		1,440
Total noncategorical aid	\$_	59,690	\$ <u> </u>	59,690	\$	60,756	\$	1,066
Categorical aid:								
Other categorical aid:								
599 Funding	\$	41,500	\$	41,500	\$	41,764	\$	264
Litter control grant		3,600		3,600		5,141		1,541
Fire programs fund		15,000		15,000		15,000		-
Seized funds		-		-		6,113		6,113
Other categorical aid		2,000		2,000		-		(2,000)
Total other categorical aid	\$	62,100	\$_	62,100	\$	68,018	\$	5,918
Total revenue from the Commonwealth	\$_	121,790	\$_	121,790	\$_	128,774	\$_	6,984
Revenue from the federal government: Categorical aid:								
Local law enforcement block grant	\$		\$		\$	2,761	Ş	2,761
Rural Development Grant		32,500		32,500		-		(32,500)
Coronavirus Relief Funds		63,630		63,630		63,630		-
CESF grant		-		41,032		35,318		(5,714)
Total categorical aid	\$_	96,130	_	137,162	-	101,709	-	(35,453)
Total revenue from the federal government	\$_	96,130	\$_	137,162	. \$ _	101,709	\$_	(35,453)
Total General Fund	\$_	2,022,745	\$_	2,063,777	\$	2,916,814	\$_	678,037
Special Revenue Fund:								
Pool Fund:								
Revenue from local sources:								
Charges for services:								
Charges for open swim	\$	3,000	\$	3,000	\$	- :	\$	(3,000)
Charges for concessions		1,500		1,500		-		(1,500)
Charges for private rentals		150		150	_	-		(150)
Total charges for services	\$_	4,650	\$_	4,650	\$_	-	\$_	(4,650)
Miscellaneous:								
Donations	\$_	2,500	_	2,500		10	_	(2,490)
Total miscellaneous	\$_	2,500	_	2,500	-	10	-	(2,490)
Total revenue from local sources	\$_	7,150	_	7,150	-	10	-	(7,140)
Total Pool Fund	\$_	7,150	\$ =	7,150	\$_	10	\$_	(7,140)
Total Primary Government	\$_	2,029,895	\$_	2,070,927	\$	2,916,824	\$_	670,897

Schedule of Expenditures - Budget and Actual Governmental Funds

For the Year Ended June 30, 2022

Ceneral Fund: Ceneral government administration: Legislative: Town Council S 17,970 S 17,970 S 15,869 S 2,101 Ceneral and financial administration: S 315,510 S 315,510 S 240,873 S 74,637 Town attorney 21,580 S 21,580 S 20,745 S 835 Treasurer 153,305 173,805 S 389,919 S 101,476 Total general and financial administration S 490,393 S 490,395 S 388,919 S 101,476 Total general government administration S 508,365 S 667,072 S 647,458 S 103,577 Public safety: Law enforcement and traffic control: S 626,040 S 667,072 S 660,383 S 12,925 Total law enforcement and traffic control: S 626,040 S 667,072 S 660,383 S 6,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000 S 20,000 S 20,000 S 66,689 Fire and rescue services: S 20,000	Fund, Function, Activity and Elements		Original Budget	Final Budget		Actual	Variance with Final Budget - Positive (Negative)
Town Council S 17,970 S 17,970 S 15,869 S 2,101	General government administration:						
Administration \$ 315,510 \$ 315,510 \$ 240,873 \$ 274,637 Town actorney 21,580 21,580 21,580 20,745 26,034 Treasurer 153,305 1513,305 152,305 \$ 127,901 \$ 26,004 Total general and financial administration \$ 508,365 \$ 508,365 \$ 404,788 \$ 101,476 Total general government administration \$ 508,365 \$ 508,365 \$ 404,788 \$ 103,577 Public safety: Law enforcement and traffic control: Law enforcement and traffic control: \$ 626,040 \$ 667,072 \$ 647,458 \$ 19,614 Police department \$ 626,040 \$ 667,072 \$ 660,383 \$ 6,689 Total law enforcement and traffic control \$ 626,040 \$ 667,072 \$ 660,383 \$ 6,689 Fire and rescue services: \$ 20,000 \$ 20,000 \$ 20,000 \$ 6,603,38 \$ 6,689 Fortal public safety \$ 646,040 \$ 687,072 \$ 680,383 \$ 6,689 Public works: \$ 20,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 6,689 Total public safety \$ 646,040 \$ 687,072 \$ 680,383 \$ 6,689 Public works: * 411,560 \$ 434,348 \$ 488,348 \$ (54,000) Sanitation and waste removal: * 411,560 \$ 434,348 \$ 488,348 \$ (54,000) Refuse collection \$ 60,950 \$ 60,950 \$ 60,950 \$ 66,020 \$ (5,070) Refuse disposal \$ 3,000 \$ 3,600 \$ 1,147 \$ 2,053 Litter control \$ 3,600 \$ 3,600 \$ 5,		\$_	17,970 \$	17,97	0 \$_	15,869 \$	2,101
Town attorney		•	245 540 .	245 54	2 6	240.072 6	74 (27
Treasurer 153,305 127,301 26,004 Total general and financial administration \$ 490,395 \$ 490,395 \$ 388,919 \$ 101,476 Total general government administration \$ 508,365 \$ 508,365 \$ 404,788 \$ 103,577 Public safety: Law enforcement and traffic control: Public safety Each of effeture 12,925 (12,925)<		\$				•	
Total general and financial administration	· · · · · · · · · · · · · · · · · · ·						
Total general government administration		<u>.</u> —					
Public safety:	•	² —	-				
Police department S 626,040 S 667,072 S 647,458 S 19,614 Asset forfeiture	Total general government administration	\$_	508,365 \$	508,36	5 \$ _	404,788 \$	103,577
Police department	· · · · · · · · · · · · · · · · · · ·						
Asset forfeiture		ċ	(2(040)	(/7.07		/ 47 4F0 C	40 (44
Total law enforcement and traffic control \$ 626,040 \$ 667,072 \$ 660,383 \$ 6,689 Fire and rescue services: Volunteer fire department \$ 20,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 5 6.00 \$ - 0.000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 5 6.00 \$ - 0.000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ 5 6.00 \$ - 0.000 \$ 20,000 \$ 20	·	\$	626,040 \$	667,07	2 \$, ,	•
Fire and rescue services:		<u>,</u> –	- 626 040 ¢	447.07	- - -		
Volunteer fire department	Total law emorcement and traffic control	² —	020,040 \$	007,07	_	500,363	0,009
Total public safety	Fire and rescue services:						
Public works: Maintenance of highways, streets, bridges and sidewalks Service of highways, streets, bridges Service of highways, streets	·	\$					
Public works: Maintenance of highways, streets, bridges and sidewalks \$ 411,560 \$ 434,348 \$ 488,348 \$ (54,000) Sanitation and waste removal: \$ 60,950 \$ 60,950 \$ 66,020 \$ (5,070) Refuse collection \$ 60,950 \$ 3,200 \$ 1,147 \$ 2,053 Litter control 3,600 \$ 3,600 \$ 4,409 \$ (809) Total sanitation and waste removal \$ 67,750 \$ 67,750 \$ 71,576 \$ (3,826) Maintenance of general buildings and grounds: Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 500 500 500 500 500 500	Total fire and rescue services	\$	20,000 \$	20,00	0 \$_	20,000 \$	-
Maintenance of highways, streets, bridges and sidewalks: Highways, streets, bridges and sidewalks \$ 411,560 \$ 434,348 \$ 488,348 \$ (54,000) Sanitation and waste removal: Refuse collection \$ 60,950 \$ 60,950 \$ 66,020 \$ (5,070) Refuse disposal 3,200 3,200 1,147 2,053 2,053 Litter control 3,600 3,600 4,409 (809) 680,950 \$ 71,576 \$ (3,826) Maintenance of general buildings and grounds: Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds: \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 500 - 500 - 100 Other 1,200 1,200 1,200 1,200 - 1,200 - 1 Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)	Total public safety	\$_	646,040 \$	687,07	2 \$_	680,383 \$	6,689
Add Sidewalks: Highways, streets, bridges and sidewalks \$ 411,560 \$ 434,348 \$ 488,348 \$ (54,000)	Public works:						
Highways, streets, bridges and sidewalks \$ 411,560 \$ 434,348 \$ 488,348 \$ (54,000) Sanitation and waste removal: Sanitation and waste removal: Refuse collection \$ 60,950 \$ 60,950 \$ 66,020 \$ (5,070) Refuse disposal 3,200 3,200 1,147 2,053 Litter control 3,600 3,600 4,409 (809) Total sanitation and waste removal \$ 67,750 \$ 67,750 \$ 71,576 \$ (3,826) Maintenance of general buildings and grounds: Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 500 - 100 Other 1,200 1,200 1,200 1,200 - 1,200 - 1 Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)	Maintenance of highways, streets, bridges						
Sanitation and waste removal: Refuse collection \$ 60,950 \$ 60,950 \$ 66,020 \$ (5,070) Refuse disposal 3,200 3,200 1,147 2,053 Litter control 3,600 3,600 4,409 (809) Total sanitation and waste removal \$ 67,750 \$ 67,750 \$ 71,576 \$ (3,826) Maintenance of general buildings and grounds: Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 500 - 100 Other 1,200 1,200 1,200 1,200 - 1 Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)							
Refuse collection \$ 60,950 \$ 60,950 \$ 66,020 \$ (5,070) Refuse disposal 3,200 3,200 1,147 2,053 Litter control 3,600 3,600 4,409 (809) Total sanitation and waste removal \$ 67,750 \$ 67,750 \$ 71,576 \$ (3,826) Maintenance of general buildings and grounds: \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 500 500 6 Other 1,200 1,200 1,200 1,200 1,200 6 Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)	Highways, streets, bridges and sidewalks	\$_	411,560 \$	434,34	<u> </u>	488,348 \$	(54,000)
Refuse collection \$ 60,950 \$ 60,950 \$ 66,020 \$ (5,070) Refuse disposal 3,200 3,200 1,147 2,053 Litter control 3,600 3,600 4,409 (809) Total sanitation and waste removal \$ 67,750 \$ 67,750 \$ 71,576 \$ (3,826) Maintenance of general buildings and grounds: \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 500 500 6 Other 1,200 1,200 1,200 1,200 1,200 6 Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)	Sanitation and waste removal:						
Litter control 3,600 3,600 4,409 (809) Total sanitation and waste removal \$ 67,750 \$ 67,750 \$ 71,576 \$ (3,826) Maintenance of general buildings and grounds: Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 - Other 1,200 1,200 1,200 - Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)		\$	60,950 \$	60,95	0 \$	66,020 \$	(5,070)
Total sanitation and waste removal \$ 67,750 \$ 67,750 \$ 71,576 \$ (3,826) Maintenance of general buildings and grounds: Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 500 - 1,200 -	Refuse disposal		3,200	3,20	0	1,147	2,053
Maintenance of general buildings and grounds: \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 - 1,200 -	Litter control						
Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 - 1,200 1,200 1,200 - 1 Other 1,200 1,200 1,200 1,200 - 1,200 - 1 Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)	Total sanitation and waste removal	\$	67,750 \$	67,75	0 \$	71,576 \$	(3,826)
Rental property maintenance \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 500 - 1,200 1,200 1,200 - 1 Other 1,200 1,200 1,200 1,200 - 1,200 - 1 Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)	Maintenance of general buildings and grounds:						
Total maintenance of general buildings and grounds \$ 3,500 \$ 3,500 \$ 4,574 \$ (1,074) Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 - Other 1,200 1,200 1,200 - Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)		ς	3,500 \$	3.50	n s	4.574 \$	(1.074)
Total public works \$ 482,810 \$ 505,598 \$ 564,498 \$ (58,900) Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 - Other 1,200 1,200 1,200 - Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)		š-	· · · · · · · · · · · · · · · · · · ·				
Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 - Other 1,200 1,200 1,200 - Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)		\$ \$					
Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic Other Total welfare 500 500 500 500 - 1,200 1,200 - 1,200 - 1,200 - 1,200 500	Health and welfare:	_	· · · · · · · · · · · · · · · · · · ·				
Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic Other Total welfare 500 500 500 500 - 1,200 1,200 - 1,200 - 1,200 - 1,200 500 500 - 1,200 500 -							
and handicapped \$ 2,800 \$ 2,800 \$ 2,988 \$ (188) Piedmont Regional Dental Clinic 500 500 500 - Other 1,200 1,200 \$ 1,200 \$ - Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)							
Piedmont Regional Dental Clinic 500 500 500 - Other 1,200 1,200 1,200 - Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)		\$	2,800 \$	2,80	0 \$	2,988 \$	(188)
Total welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)	Piedmont Regional Dental Clinic				0		-
						1,200	-
Total health and welfare \$ 4,500 \$ 4,500 \$ 4,688 \$ (188)	Total welfare	\$ <u></u>	4,500 \$	4,50) \$ <u></u>	4,688 \$	(188)
	Total health and welfare	\$_	4,500 \$	4,50	0 \$_	4,688 \$	(188)

Schedule of Expenditures - Budget and Actual Governmental Funds

For the Year Ended June 30, 2022 (Continued)

Fund, Function, Activity and Elements		Original Budget		Final Budget		Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)							
Parks, recreation, and cultural:							
Parks and recreation:							
Gordonsville little league	\$	2,000	\$	2,000	\$	2,515 \$	(515)
5K event		1,000		1,000		1,669	(669)
Orange County parks and rec		600		600		600	-
Woodberry Cemetery calendar fund		1,000		1,000		1,000	-
Total parks and recreation	\$_	4,600	\$	4,600	\$	5,784 \$	(1,184)
Cultural enrichment:	_						
Historic Gordonsville	\$	2,250	¢	2,250	¢	2,250 \$	_
Visitor's Center	Ţ	43,000	٧	43,000	٠	38,654	4,346
The Journey through Hollowed Ground		500		500		500	-,5-10
Fried Chicken Festival		3,400		3,400		3,434	(34)
Total cultural enrichment	s ⁻	49,150	- _s -	49,150	-s-	44,838 \$, ,
	Ĭ-	-		-			
Total parks, recreation, and cultural	\$_	53,750	- ^{\$} _	53,750	- ^{\$} _	50,622 \$	3,128
Community development:							
Planning and community development:							
Other community development	\$_	1,200	\$_	1,200	\$_	1,200 \$	-
Total community development	\$_	1,200	\$	1,200	\$_	1,200 \$	
Capital projects:							
Other capital projects	\$	218,600	ς	218,600	ς	15,606 \$	202,994
Verling Park Redevlopment and Expansion	7	-	~	-	~	21,004	(21,004)
Public works facility		21,150		21,150		18,154	2,996
Police department vehicles		15,000		24,000		30,997	(6,997)
Public works vehicles and equipment		19,500		19,500		22,077	(2,577)
Streets		3,000		3,000		5,486	(2,486)
Sidewalks		10,000		10,000		3,847	6,153
Equipment purchase		12,150		12,150		7,169	4,981
Safe routes to school		86,200		86,200		-	86,200
Total capital projects	ş [_]	385,600	- ș -	394,600	-ş-	124,340 \$	
Daha samilas	_						
Debt service:	\$	121,120	ċ	121,120	ċ	1.46 600 ¢	(25.490)
Principal retirement Interest and other fiscal charges	Ş	30,957	Ş	30,957	Ş	146,609 \$ 43,635	(25,489) (12,678)
Total debt service	s ⁻	152,077	- _c –	152,077	- < -	190,244 \$	
Total dept service	→_	132,077	- ۲	132,077	- ۲	190,244 3	(36,107)
Total General Fund	\$_	2,234,342	\$_	2,307,162	\$_	2,020,763 \$	286,399
Special Revenue Fund:							
Pool Fund:							
Parks and Recreation:							
Swimming Pool	\$_	22,000	\$	22,000	\$_	11,798 \$	10,202
Total Pool Fund	\$	22,000	\$	22,000	\$	11,798 \$	10,202
Total Primary Government	= \$	2,256,342	- <u></u> \$	2,329,162	- <u>-</u>	2,032,561 \$	296,601
		=,==0,0 :2	= =	_, <i>r</i> ,. 02	= =	-,,	=,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,





ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

TO THE HONORABLE MAYOR AND MEMBERS OF THE TOWN COUNCIL TOWN OF GORDONSVILLE, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Gordonsville, Virginia as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Gordonsville, Virginia's basic financial statements and have issued our report thereon dated July 31, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Robuson Faven Cox Associates
Charlottesville, Virginia
July 31, 2023