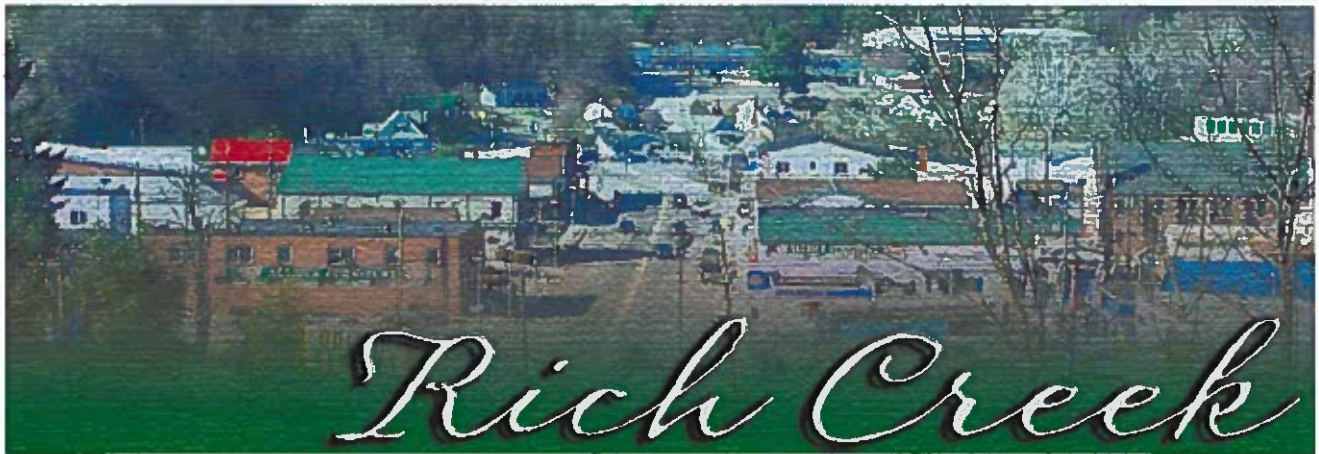

TOWN OF RICH CREEK, VIRGINIA

FINANCIAL STATEMENTS



FISCAL YEAR ENDED JUNE 30, 2023

TOWN OF RICH CREEK, VIRGINIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

**TOWN OF RICH CREEK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS

INTRODUCTORY SECTION

	<u>Page</u>
List of Elected and Appointed Officials.....	1

FINANCIAL SECTION

Independent Auditors' Report	2-4
------------------------------------	-----

	<u>Exhibit</u>	<u>Page</u>
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	5
Statement of Activities.....	2	6
Fund Financial Statements:		
Balance Sheet - Governmental Fund	3	7
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	4	8
Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Fund	5	9
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances of Governmental Fund to the Statement of Activities	6	10
Statement of Net Position - Proprietary Funds	7	11
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	12
Statement of Cash Flows - Proprietary Funds.....	9	13
Statement of Fiduciary Net Position - Fiduciary Funds.....	10	14
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	11	15
Notes to Financial Statements.....		16-46

Required Supplementary Information:

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual - General Fund	12	47
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios - Pension Plan	13	48
Schedule of Employer Contributions - Pension Plan	14	49
Notes to Required Supplementary Information - Pension Plan	15	50
Schedule of Town's Share of Net OPEB Liability - Group Life Insurance (GLI) Plan	16	51
Schedule of Employer Contributions - Group Life Insurance (GLI) Plan	17	52
Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan.....	18	53

Supplementary Information:

Combining Statement of Fiduciary Net Position - Fiduciary Funds.....	19	54
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	20	55

**TOWN OF RICH CREEK, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

Supplementary Information: (Continued)

	<u>Exhibit</u>	<u>Page</u>
Supporting Schedules:		
Schedule of Revenues - Budget and Actual - Governmental Fund	1	56-57
Schedule of Expenditures - Budget and Actual - Governmental Fund	2	58
Combining Schedule of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	3	59

Other Statistical Information:

	<u>Table</u>	<u>Page</u>
Government-wide Information:		
Government-wide Expenses by Function	1	60
Government-wide Revenues	2	61
Fund Information:		
General Governmental Expenditures by Function	3	62
General Governmental Revenues by Source	4	63
Property Tax Levies and Collections	5	64
Assessed Value of Taxable Property	6	65
Property Tax Rates	7	66
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita	8	67
Computation of Legal Debt Margin	9	68

COMPLIANCE SECTION

	<u>Page</u>
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	69-70
Schedule of Findings and Responses	71

INTRODUCTORY SECTION

TOWN OF RICH CREEK, VIRGINIA

TOWN COUNCIL

Roger D. Jones, Mayor
Stuart Helm, Vice-Mayor
Mark Clemons
Darlene French
Joyce Crawford
Dorsey Bradley

OTHER OFFICIALS

Pam Kantsios..... Town Treasurer/Clerk

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FINANCIAL SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

Independent Auditors' Report

To the Members of the Town Council
Town of Rich Creek, Virginia
Rich Creek, 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 the Town of Rich Creek, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Rich Creek, 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 Rich Creek, 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 the Town of Rich Creek, Virginia's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2024, on our consideration of the Town of Rich Creek, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Rich Creek, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Rich Creek, Virginia's internal control over financial reporting and compliance.

Polina, Fawcett, Cox Associates

Blacksburg, Virginia
April 1, 2024

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Basic Financial Statements

Town of Rich Creek, Virginia
Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 744,422	\$ 557,880	\$ 1,302,302
Restricted cash and cash equivalents	-	18,250	18,250
Receivables (net of allowance for uncollectibles):			
Taxes receivable	3,549	-	3,549
Accounts receivable	11,674	61,869	73,543
Internal balances	(134,047)	134,047	-
Intergovernmental receivable	4,460	-	4,460
Net pension asset	81,061	47,787	128,848
Capital assets:			
Capital assets, not being depreciated/amortized	60,880	39,679	100,559
Capital assets, net of accumulated depreciation/amortization	340,326	3,559,869	3,900,195
Total assets	\$ 1,112,325	\$ 4,419,381	\$ 5,531,706
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	\$ 5,347	\$ 3,275	\$ 8,622
Pension related items	27,388	8,556	35,944
Total deferred outflows of resources	\$ 32,735	\$ 11,831	\$ 44,566
LIABILITIES			
Accounts payable	\$ 7,862	\$ 17,995	\$ 25,857
Customers' deposits	-	18,250	18,250
Accrued interest payable	-	3,121	3,121
Unearned grant revenue - ARPA	757,717	-	757,717
Unearned revenue	-	3,533	3,533
Long-term liabilities:			
Due within one year	9,786	43,778	53,564
Due in more than one year	16,364	1,538,748	1,555,112
Total liabilities	\$ 791,729	\$ 1,625,425	\$ 2,417,154
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 421	\$ -	\$ 421
OPEB related items	1,981	1,168	3,149
Pension related items	26,815	16,629	43,444
Total deferred inflows of resources	\$ 29,217	\$ 17,797	\$ 47,014
NET POSITION			
Net investment in capital assets	\$ 392,169	\$ 2,028,494	\$ 2,420,663
Restricted for:			
Net pension asset	81,061	47,787	128,848
Unrestricted (deficit)	(149,116)	711,709	562,593
Total net position	\$ 324,114	\$ 2,787,990	\$ 3,112,104

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

Town of Rich Creek, Virginia
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Primary Government		
			Contributions			Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$ 294,295	\$ -	\$ -	\$ -	-	\$ (294,295)	\$ -	\$ (294,295)
Public safety	133,112	9,108	42,726		-	(81,278)	-	(81,278)
Public works	45,778	11,491	-		-	(34,287)	-	(34,287)
Parks, recreation, and cultural	23,063	8,040	-		-	(15,023)	-	(15,023)
Interest on long-term debt	51	-	-		-	(51)	-	(51)
Total governmental activities	\$ 496,299	\$ 28,639	\$ 42,726	\$ -	-	\$ (424,934)	\$ -	\$ (424,934)
Business-type activities:								
Water and Sewer	\$ 872,937	\$ 502,678	\$ 15,005	\$ -	-	\$ -	\$ (355,254)	\$ (355,254)
Total primary government	\$ 1,369,236	\$ 531,317	\$ 57,731	\$ -	-	\$ (424,934)	\$ (355,254)	\$ (780,188)
General revenues:								
General property taxes						\$ 150,223	\$ -	\$ 150,223
Other local taxes:								
Local sales and use taxes						48,757	-	48,757
Consumers' utility taxes						17,255	-	17,255
Business license taxes						72,995	-	72,995
Restaurant food taxes						69,130	-	69,130
Bank stock tax						13,646	-	13,646
Cigarette tax						29,250	-	29,250
Other local taxes						18,585	-	18,585
Miscellaneous						13,232	65,084	78,316
Grants and contributions not restricted to specific programs						17,935	-	17,935
Total general revenues						\$ 451,008	\$ 65,084	\$ 516,092
Change in net position						\$ 26,074	\$ (290,170)	\$ (264,096)
Net position - beginning						298,040	3,078,160	3,376,200
Net position - ending						\$ 324,114	\$ 2,787,990	\$ 3,112,104

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

Exhibit 3

**Town of Rich Creek, Virginia
Balance Sheet
Governmental Fund
June 30, 2023**

	<u>General</u>
ASSETS	
Cash and cash equivalents	\$ 744,422
Taxes receivable	3,549
Accounts receivable	11,674
Intergovernmental receivable	4,460
Total assets	<u>\$ 764,105</u>
LIABILITIES	
Accounts payable	\$ 7,862
Due to other funds	134,047
Unearned revenue - ARPA	757,717
Total liabilities	<u>\$ 899,626</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	\$ 4,553
Unavailable revenue - prepaid taxes	421
Total deferred inflows of resources	<u>\$ 4,974</u>
FUND BALANCE	
Committed:	
Volunteer fire department	\$ 5,057
Unassigned (deficit)	(145,552)
Total fund balance (deficit)	<u>\$ (140,495)</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 764,105</u>

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

Town of Rich Creek, Virginia
Reconciliation of the Balance Sheet of Governmental Fund
to the Statement of Net Position
June 30, 2023

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

Total fund balance (deficit) per Exhibit 3 - Balance Sheet - Governmental Fund \$ (140,495)

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

Land	\$ 45,378	
Construction in progress	15,502	
Buildings	146,271	
Improvements other than buildings	112,443	
Machinery and equipment	66,883	
Vehicles	6,526	
Right-to-use assets-equipment	8,203	401,206

The net pension asset is not an available resource and, therefore, is not reported in the funds. 81,061

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds.

Unavailable revenue - property taxes		4,553
--------------------------------------	--	-------

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

Pension related items	\$ 27,388	
OPEB related items	5,347	32,735

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

Lease liability	\$ (9,037)	
Net OPEB liability	(8,408)	
Compensated absences	(8,705)	(26,150)

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

Pension related items	\$ (26,815)	
OPEB related items	(1,981)	(28,796)

Net position of governmental activities		\$ 324,114
---	--	------------

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

Town of Rich Creek, Virginia
Statement of Revenues, Expenditures, and Change in Fund Balance
Governmental Fund
For the Year Ended June 30, 2023

	<u>General</u>
REVENUES	
General property taxes	\$ 151,783
Other local taxes	269,618
Fines and forfeitures	9,108
Revenue from the use of money and property	11,491
Charges for services	8,040
Miscellaneous	13,232
Intergovernmental:	
Commonwealth	52,991
Federal	7,670
Total revenues	<u>\$ 523,933</u>
EXPENDITURES	
Current:	
General government administration	\$ 285,990
Public safety	147,232
Public works	71,578
Parks, recreation, and cultural	30,507
Debt service:	
Principal retirement	1,616
Interest and other fiscal charges	51
Total expenditures	<u>\$ 536,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (13,041)</u>
Net change in fund balance	\$ (13,041)
Fund balance (deficit) - beginning	(127,454)
Fund balance (deficit) - ending	<u><u>\$ (140,495)</u></u>

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

Town of Rich Creek, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Change in Fund Balances of Governmental Fund
to the Statement of Activities
For the Year Ended June 30, 2023

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

Net change in fund balances - total governmental funds	\$	(13,041)
--	----	----------

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/amortization expense. This is the detail of items supporting this adjustment.

Capital outlays	\$ 77,331	
Depreciation/amortization expense	<u>(51,362)</u>	25,969

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

Change in unavailable revenue - property taxes		(1,560)
--	--	---------

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.

Principal repayments:

Lease liability		1,616
-----------------	--	-------

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

Change in compensated absences	\$ 144	
Change in net pension asset and deferred items	13,732	
Change in net OPEB liability and deferred items	<u>(786)</u>	13,090

Change in net position of governmental activities	\$	<u>26,074</u>
---	----	---------------

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

Town of Rich Creek, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2023

	Proprietary Funds		
	Water and Sewer	Glen Creek STP	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 645,415	\$ -	\$ 645,415
Restricted cash and cash equivalents - customers' deposits	18,250	-	18,250
Accounts receivable, net of allowance for uncollectibles	59,626	2,243	61,869
Due from General Fund	134,047	-	134,047
Total current assets	\$ 857,338	\$ 2,243	\$ 859,581
Noncurrent assets:			
Net pension asset	\$ 35,191	\$ 12,596	\$ 47,787
Capital assets:			
Capital assets, not being depreciated	\$ 39,679	\$ -	\$ 39,679
Capital assets, net of accumulated depreciation	3,559,869	-	3,559,869
Total capital assets	\$ 3,599,548	\$ -	\$ 3,599,548
Total noncurrent assets	\$ 3,634,739	\$ 12,596	\$ 3,647,335
Total assets	\$ 4,492,077	\$ 14,839	\$ 4,506,916
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related items	\$ 2,436	\$ 839	\$ 3,275
Pension related items	7,021	1,535	8,556
Total deferred outflows of resources	\$ 9,457	\$ 2,374	\$ 11,831
LIABILITIES			
Current liabilities:			
Reconciled cash overdraft	\$ -	\$ 87,535	\$ 87,535
Accounts payable	14,353	3,642	17,995
Customers' deposits	18,250	-	18,250
Unearned revenue	3,533	-	3,533
Accrued interest payable	3,121	-	3,121
Compensated absences - current portion	2,707	2,180	4,887
Bonds payable - current portion	38,891	-	38,891
Total current liabilities	\$ 80,855	\$ 93,357	\$ 174,212
Noncurrent liabilities:			
Compensated absences - net of current portion	\$ 902	\$ 726	\$ 1,628
Net OPEB liability	3,650	1,307	4,957
Bonds payable - net of current portion	1,532,163	-	1,532,163
Total noncurrent liabilities	\$ 1,536,715	\$ 2,033	\$ 1,538,748
Total liabilities	\$ 1,617,570	\$ 95,390	\$ 1,712,960
DEFERRED INFLOWS OF RESOURCES			
OPEB related items	\$ 860	\$ 308	\$ 1,168
Pension related items	8,595	8,034	16,629
Total deferred inflows of resources	\$ 9,455	\$ 8,342	\$ 17,797
NET POSITION			
Net investment in capital assets	\$ 2,028,494	\$ -	\$ 2,028,494
Restricted for:			
Net pension asset	35,191	12,596	47,787
Unrestricted	810,824	(99,115)	711,709
Total net position (deficit)	\$ 2,874,509	\$ (86,519)	\$ 2,787,990

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

Town of Rich Creek, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Proprietary Funds		
	Water and Sewer	Glen Creek STP	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 226,759	\$ -	\$ 226,759
Sewer revenues	260,325	-	260,325
Water and sewer connection fees	15,594	-	15,594
Glen Lyn revenues	-	15,005	15,005
Miscellaneous revenue	65,084	-	65,084
Total operating revenues	<u>\$ 567,762</u>	<u>\$ 15,005</u>	<u>\$ 582,767</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 140,862	\$ 41,570	\$ 182,432
Utilities	13,759	30,724	44,483
Purchase of water	103,118	-	103,118
Supplies, maintenance and repairs	61,766	20,793	82,559
Office expense	1,901	483	2,384
Insurance	2,754	5,209	7,963
Professional services	-	2,584	2,584
Lab testing	-	7,971	7,971
Payment to Cemetery Fund	131,712	-	131,712
Miscellaneous	69,028	626	69,654
Depreciation	197,923	-	197,923
Total operating expenses	<u>\$ 722,823</u>	<u>\$ 109,960</u>	<u>\$ 832,783</u>
Operating income (loss)	<u>\$ (155,061)</u>	<u>\$ (94,955)</u>	<u>\$ (250,016)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ (40,154)	\$ -	\$ (40,154)
Income (loss) before transfers and capital contributions	\$ (195,215)	\$ (94,955)	\$ (290,170)
Transfers in	\$ -	\$ 88,500	\$ 88,500
Transfers out	(88,500)	-	(88,500)
Change in net position	<u>\$ (283,715)</u>	<u>\$ (6,455)</u>	<u>\$ (290,170)</u>
Net position (deficit) - beginning	3,155,426	(77,266)	3,078,160
Net position (deficit) - ending	<u>\$ 2,871,711</u>	<u>\$ (83,721)</u>	<u>\$ 2,787,990</u>

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

Town of Rich Creek, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Proprietary Funds		
	Water and Sewer	Glen Creek STP	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 570,432	\$ 15,767	\$ 586,199
Payments to suppliers	(381,240)	(60,849)	(442,089)
Payments to and for employees	(148,722)	(40,620)	(189,342)
Net cash provided by (used for) operating activities	\$ 40,470	\$ (85,702)	\$ (45,232)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	\$ (88,500)	\$ -	\$ (88,500)
Transfers from other funds	-	88,500	88,500
Net cash provided by (used for) noncapital financing activities	\$ (88,500)	\$ 88,500	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital asset additions	\$ (6,040)	\$ -	\$ (6,040)
Principal payments on indebtedness	(37,930)	-	(37,930)
Interest expense	(39,893)	-	(39,893)
Net cash provided by (used for) capital and related financing activities	\$ (83,863)	\$ -	\$ (83,863)
Net increase (decrease) in cash and cash equivalents	\$ (131,893)	\$ 2,798	\$ (129,095)
Cash and cash equivalents - beginning (includes \$17,750 restricted cash and cash equivalents)	792,760	-	792,760
Cash and cash equivalents - ending (includes \$18,250 restricted cash and cash equivalents)	\$ 660,867	\$ 2,798	\$ 663,665
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (155,061)	\$ (94,955)	\$ (250,016)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	\$ 197,923	\$ -	\$ 197,923
(Increase) decrease in accounts receivable	1,114	762	1,876
(Increase) decrease in deferred outflows of resources	829	4,747	5,576
(Increase) decrease in net pension asset	8,906	(8,301)	605
Increase (decrease) in net OPEB liability	513	(138)	375
Increase (decrease) in customer deposits	500	-	500
Increase (decrease) in unearned revenue	1,056	-	1,056
Increase (decrease) in reconciled cash overdraft	-	6,610	6,610
Increase (decrease) in operating accounts payable	2,798	931	3,729
Increase (decrease) in compensated absences	1,111	745	1,856
Increase (decrease) in deferred inflows of resources	(19,219)	3,897	(15,322)
Total adjustments	\$ 195,531	\$ 9,253	\$ 204,784
Net cash provided by (used for) operating activities	\$ 40,470	\$ (85,702)	\$ (45,232)

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

Town of Rich Creek, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 43,332
Certificates of Deposit	131,712
Total assets	<u>\$ 175,044</u>
NET POSITION	
Restricted for:	
Library operations	\$ 4,076
Cemetery operations	170,968
Total net position	<u>\$ 175,044</u>

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

Town of Rich Creek, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Contributions from the Town of Rich Creek	\$ 131,712
Book sales	140
Private donations	4,245
Total contributions	<u>\$ 136,097</u>
Total additions	<u>\$ 136,097</u>
 DEDUCTIONS	
Maintenance	\$ 2,500
Administrative expenses	148
Total deductions	<u>\$ 2,648</u>
 Net increase (decrease) in fiduciary net position	 \$ 133,449
 Net position - beginning	 <u>41,595</u>
Net position - ending	<u><u>\$ 175,044</u></u>

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

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TOWN OF RICH CREEK, VIRGINIA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

Note 1 - Summary of Significant Accounting Policies:

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

A. Financial Reporting Entity:

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

Blended Component Units - None

Discretely Presented Component Units - None

Related Organizations - None

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

B. Government-wide and Fund Financial Statements:

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

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

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

The Town's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues.

Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally in the month preceding receipt by the Town.

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

The government reports the following major governmental fund:

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

1. Deposits and Investments

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

2. Property Taxes

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

3. Allowance for Uncollectible Accounts

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$2,470 for property taxes and \$29,377 for water and sewer receivables at June 30, 2023.

4. Use of Estimates

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

5. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year.

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 and subscription 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, lease assets, subscription assets, and infrastructure are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Buildings	50
Building improvements	20-40
Structures, lines, and accessories	20-40
Machinery and equipment	5-15
Lease equipment	5-15
Land improvements	15
Subscription asset	3-5

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

6. Compensated Absences

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

7. Long-term Obligations

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

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

8. Deferred Outflows/Inflows of Resources

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

9. Fund Balances

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or 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 the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance. This is typically done through adoption and amendment of the budget. A fund balance commitment, 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).

10. Pensions

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

11. 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.

12. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/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.

13. Deferred/Unavailable Revenue

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

Unavailable Property Tax Revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,553 at June 30, 2023.

Prepaid Property Taxes - Property taxes due subsequent to June 30, 2023 but paid in advance by the taxpayers totaled \$421 at June 30, 2023.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

14. Leases

The Town has various lease 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 leases liabilities and intangible right-to-use lease assets (lease assets) 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.

Key Estimates and Judgments

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

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 if certain changes occur that are expected to significantly affect the amount of the lease receivable or lease liability.

Note 2 - Stewardship, Compliance, and Accountability:

A. Budgetary information:

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

1. Prior to June 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. The General Fund has a legally adopted budget.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. Only the Town Council can revise the appropriation for the General Fund. The Town Manager is authorized to transfer budgeted amounts within general government departments.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 2 - Stewardship, Compliance, and Accountability: (Continued)

A. Budgetary information: (Continued)

5. Formal budgetary integration is employed as a management control device during the year for the General Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30 for all Town units. No supplemental appropriations were necessary during this fiscal year.
8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to commit that portion of the applicable appropriations, is not part of the Town's accounting system.

B. Excess of expenditures over appropriations:

For the year ended June 30, 2023, the parks, recreation, and cultural function had expenditures in excess of appropriations.

C. Deficit fund balances:

At June 30, 2023, the General Fund and the Glen Creek STP Fund had deficit fund balance.

Note 3 - Deposits and Investments:

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

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

At June 30, 2023, the Town did not have any investments.

Note 4 - Intergovernmental Receivables:

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

	<u>General Fund</u>
<u>Commonwealth of Virginia:</u>	
Local sales tax	\$ 4,025
Communication sales tax	435
Total	<u>\$ 4,460</u>

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 5 - Interfund Obligations and Transfers:

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

The Town uses the General Fund to pay all salaries and benefits. The amount noted above represents amounts paid out of the General Fund to personnel of the Water and Sewer Fund for fiscal year ended June 30, 2023 net of amounts borrowed by the General Fund in the pooled cash account.

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Water and Sewer Fund	\$ -	\$ 88,500
Glen Creek STP Fund	88,500	-
Total	\$ 88,500	\$ 88,500

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

Note 6 - Long-term Obligations - Governmental Activities:

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

	<u>Balance July 1, 2022</u>	<u>Increases/ Issuances</u>	<u>Decreases/ Retirements</u>	<u>Balance June 30, 2023</u>
Lease liability	\$ 10,653	\$ -	\$ (1,616)	\$ 9,037
Compensated absences	8,849	6,493	(6,637)	8,705
Net OPEB liability	8,807	9,796	(10,195)	8,408
Total	\$ 28,309	\$ 16,289	\$ (18,448)	\$ 26,150

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 6 - Long-term Obligations - Governmental Activities: (Continued)

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

Year Ending June 30,	Lease Liability	
	Principal	Interest
2024	\$ 3,257	\$ 76
2025	2,465	35
2026	2,483	17
2027	832	1
Total	<u>\$ 9,037</u>	<u>\$ 129</u>

Details of long-term indebtedness:

Governmental Activities

	Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
Other Obligations:						
Lease liability - Xerox Copier	0.76%	11/3/2021	10/3/2026	\$ 12,261	\$ 9,037	\$ 3,257
Compensated absences					8,705	6,529
Net OPEB liability					8,408	-
Total Long-term Obligations					<u>\$ 26,150</u>	<u>\$ 9,786</u>

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

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

	Balance July 1, 2022	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2023
Direct borrowings and placements				
General obligation bonds	\$ 1,608,984	\$ -	\$ (37,930)	\$ 1,571,054
Compensated absences	4,659	5,350	(3,494)	6,515
Net OPEB liability	4,582	6,296	(5,921)	4,957
Total	<u>\$ 1,618,225</u>	<u>\$ 11,646</u>	<u>\$ (47,345)</u>	<u>\$ 1,582,526</u>

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

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

Year Ending June 30,	Direct Borrowing - GO Bond	
	Principal	Interest
2024	\$ 38,891	\$ 38,833
2025	39,875	37,849
2026	40,883	36,841
2027	41,917	35,807
2028	42,977	34,747
2029-2033	231,748	156,872
2034-2038	262,571	126,050
2039-2043	297,493	91,127
2044-2048	337,059	51,561
2049-2052	237,640	9,829
Totals	<u>\$ 1,571,054</u>	<u>\$ 619,516</u>

Details of long-term indebtedness:

	Interest Rate	Date Issued	Maturity Date	Amount of Original Issue	Total Amount	Amount Due Within One Year
<u>Direct Borrowing</u>						
General obligation USDA Rural Development Bond	2.50%	9/1/2011	8/1/2051	\$ 1,905,000	<u>\$ 1,571,054</u>	<u>\$ 38,891</u>
<u>Other Obligations:</u>						
Compensated absences					\$ 6,515	\$ 4,887
Net OPEB liability					4,957	-
Total other obligations					<u>\$ 11,472</u>	<u>\$ 4,887</u>
Total Long-term Obligations					<u>\$ 1,582,526</u>	<u>\$ 43,778</u>

Collateral:

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

Events of Default:

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

Collateral for leases is the underlying asset. Default provisions for leases include repossession of the asset.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8 - Pension Plan:

Plan Description

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

Benefit Structures

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8 - Pension Plan: (Continued)***Average Final Compensation and Service Retirement Multiplier***

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

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

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

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	2
Inactive members:	
Vested inactive members	2
Inactive members active elsewhere in VRS	1
Total inactive members	3
Active members	7
Total covered employees	<u>12</u>

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8 - Pension Plan: (Continued)

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2023 was 3.87% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$7,219 and \$6,724 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions - General Employees

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted Safety 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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8 - Pension Plan: (Continued)

Actuarial Assumptions- General Employees (Continued)

Mortality rates: (Continued)

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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 year age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions- Public Safety Employees with Hazardous Duty Benefits

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

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8 - 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% of rates for females set forward 2 years

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8 - Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

**One 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 the time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8 - Pension Plan: (Continued)

Discount Rate (Continued)

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

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 468,198	\$ 643,898	\$ (175,700)
Changes for the year:			
Service cost	\$ 23,995	\$ -	\$ 23,995
Interest	32,580	-	32,580
Differences between expected and actual experience	6,475	-	6,475
Contributions - employer	-	6,724	(6,724)
Contributions - employee	-	10,641	(10,641)
Net investment income	-	(784)	784
Benefit payments, including refunds	(19,047)	(19,047)	-
Administrative expenses	-	(398)	398
Other changes	-	15	(15)
Net changes	\$ 44,003	\$ (2,849)	\$ 46,852
Balances at June 30, 2022	\$ 512,201	\$ 641,049	\$ (128,848)

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

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

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town of Rich Creek Net Pension Liability (Asset)	\$ (57,074)	\$ (128,848)	\$ (187,579)

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 8 - Pension Plan: (Continued)

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

For the year ended June 30, 2023, the Town recognized pension expense of \$(15,978). At June 30, 2023, 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	\$ 7,487	\$ 14,843
Change in assumptions	10,492	-
Net difference between projected and actual earnings on pension plan investments	-	17,855
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,746	10,746
Employer contributions subsequent to the measurement date	7,219	-
Total	\$ 35,944	\$ 43,444

\$7,219 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 (Asset) in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended June 30

2024	\$	(12,941)
2025		(362)
2026		(10,359)
2027		8,947
Thereafter		-

Pension Plan Data

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Plan Description

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

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

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

Eligible Employees

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

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$1,394 and \$1,300 for the years ended June 30, 2023 and June 30, 2022, respectively.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Contributions (Continued)

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

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

At June 30, 2023, the entity reported a liability of \$13,365 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.00110% as compared to 0.00120% at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$3,212. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,058	\$ 536
Net difference between projected and actual earnings on GLI OPEB plan investments	-	835
Change in assumptions	499	1,302
Changes in proportion	5,671	476
Employer contributions subsequent to the measurement date	1,394	-
Total	\$ 8,622	\$ 3,149

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

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

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

\$1,394 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2024	\$	2,550
2025		1,519
2026		(141)
2027		346
2028		(195)
Thereafter		-

Actuarial Assumptions

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2023

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

Actuarial Assumptions: (Continued)

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

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Actuarial Assumptions: (Continued)

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

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

Net GLI OPEB Liability

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

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

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

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

Discount Rate (Continued)

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	\$ 19,448	\$ 13,365	\$ 8,450

GLI Plan Fiduciary Net Position

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

Note 10-LODA (OPEB):

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

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2023 was \$1,008.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11 - Capital Assets:

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated/amortized:				
Land	\$ 45,378	\$ -	\$ -	\$ 45,378
Construction in progress	-	15,502	-	15,502
Total capital assets not being depreciated/amortized	\$ 45,378	\$ 15,502	\$ -	\$ 60,880
Capital assets, being depreciated/amortized:				
Buildings	\$ 370,359	\$ -	\$ -	\$ 370,359
Machinery and equipment	300,985	47,913	-	348,898
Vehicles	469,071	-	-	469,071
Improvements other than buildings	315,471	13,916	-	329,387
Lease machinery and equipment	12,261	-	-	12,261
Total capital assets being depreciated/amortized	\$ 1,468,147	\$ 61,829	\$ -	\$ 1,529,976
Accumulated depreciation/amortization:				
Buildings	\$ (219,776)	\$ (4,312)	\$ -	\$ (224,088)
Machinery and equipment	(266,362)	(15,653)	-	(282,015)
Vehicles	(453,168)	(9,377)	-	(462,545)
Improvements other than buildings	(197,376)	(19,568)	-	(216,944)
Lease machinery and equipment	(1,606)	(2,452)	-	(4,058)
Total accumulated depreciation/amortization	\$ (1,138,288)	\$ (51,362)	\$ -	\$ (1,189,650)
Total capital assets being depreciated/amortized, net	\$ 329,859	\$ 10,467	\$ -	\$ 340,326
Governmental activities capital assets, net	\$ 375,237	\$ 25,969	\$ -	\$ 401,206

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

Governmental Activities:	
General government administration	\$ 10,816
Public safety	9,377
Public works	28,116
Parks, recreation, and cultural	3,053
Total depreciation/amortization expense-	
governmental activities	\$ 51,362

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 11 - Capital Assets: (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 39,679	\$ -	\$ -	\$ 39,679
Total capital assets not being depreciated	\$ 39,679	\$ -	\$ -	\$ 39,679
Capital assets, being depreciated:				
Water System	\$ 1,114,182	\$ -	\$ -	\$ 1,114,182
Sewer System	6,200,741	-	-	6,200,741
Vehicles	106,207	-	-	106,207
Equipment	174,798	6,040	-	180,838
Total capital assets being depreciated	\$ 7,595,928	\$ 6,040	\$ -	\$ 7,601,968
Accumulated depreciation:				
Water System	\$ (1,088,338)	\$ (3,348)	\$ -	\$ (1,091,686)
Sewer System	(2,543,766)	(177,109)	-	(2,720,875)
Vehicles	(99,044)	(1,975)	-	(101,019)
Equipment	(113,028)	(15,491)	-	(128,519)
Total accumulated depreciation	\$ (3,844,176)	\$ (197,923)	\$ -	\$ (4,042,099)
Total capital assets being depreciated, net	\$ 3,751,752	\$ (191,883)	\$ -	\$ 3,559,869
Business-type activities capital assets, net	\$ 3,791,431	\$ (191,883)	\$ -	\$ 3,599,548

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

Business-type Activities:	
Water and Sewer	\$ 197,923

Note 12 - Risk Management:

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

Note 13 - Litigation:

As of June 30, 2023, there were no matters of litigation involving the Town which would materially affect the Town's financial position should a court decision on pending matters not be favorable.

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 14 - Commitments and Contingencies:

Riverview Commons, Inc.

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

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

Note 15 - Unearned and Deferred/Unavailable Revenue:

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

	Government-wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable/deferred revenue		
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 4,553
Prepaid property taxes due after June 30 but paid in advance by taxpayers	421	421
	<u>\$ 421</u>	<u>\$ 4,974</u>
Unearned revenue		
Unspent ARPA funds	\$ 757,717	\$ 757,717

Note 16 - Upcoming Pronouncements:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

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

TOWN OF RICH CREEK, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

Note 16 - Upcoming Pronouncements: (Continued)

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 reporting periods beginning after December 15, 2023.

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

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

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

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Required Supplementary Information

Town of Rich Creek, Virginia
General Fund
Schedule of Revenues, Expenditures, and Change in Fund Balance - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 145,000	\$ 145,000	\$ 151,783	\$ 6,783
Other local taxes	277,325	277,325	269,618	(7,707)
Fines and forfeitures	6,000	6,000	9,108	3,108
Revenue from the use of money and property	11,000	11,000	11,491	491
Charges for services	14,000	14,000	8,040	(5,960)
Miscellaneous	27,685	27,685	13,232	(14,453)
Intergovernmental:				
Commonwealth	51,446	51,446	52,991	1,545
Federal	2,066	2,066	7,670	5,604
Total revenues	<u>\$ 534,522</u>	<u>\$ 534,522</u>	<u>\$ 523,933</u>	<u>\$ (10,589)</u>
EXPENDITURES				
Current:				
General government administration	\$ 297,170	\$ 297,170	\$ 285,990	\$ 11,180
Public safety	147,973	147,973	147,232	741
Public works	71,757	71,757	71,578	179
Parks, recreation, and cultural	29,157	29,157	30,507	(1,350)
Capital projects	1,223	1,223	-	1,223
Debt service:				
Principal retirement	-	-	1,616	(1,616)
Interest and other fiscal charges	-	-	51	(51)
Total expenditures	<u>\$ 547,280</u>	<u>\$ 547,280</u>	<u>\$ 536,974</u>	<u>\$ 10,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (12,758)</u>	<u>\$ (12,758)</u>	<u>\$ (13,041)</u>	<u>\$ (283)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	<u>\$ 12,758</u>	<u>\$ 12,758</u>	<u>\$ -</u>	<u>\$ (12,758)</u>
Net change in fund balance	\$ -	\$ -	\$ (13,041)	\$ (13,041)
Fund balance (deficit) - beginning	-	-	(127,454)	(127,454)
Fund balance (deficit) - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (140,495)</u>	<u>\$ (140,495)</u>

Town of Rich Creek, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratio:
Pension Plan
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 23,995	\$ 24,119	\$ 21,882	\$ 22,604	\$ 23,926	\$ 24,105	\$ 26,799	\$ 30,653	\$ 24,766
Interest	32,580	26,884	27,179	27,720	25,232	19,562	19,818	16,029	13,545
Differences between expected and actual experience	6,475	5,181	(43,195)	(46,483)	(4,422)	52,312	(30,979)	23,267	-
Changes in assumptions	-	18,880	-	12,854	-	(5,064)	-	-	-
Benefit payments	(19,047)	(10,288)	(10,191)	(9,892)	(8,491)	(11,356)	(27,226)	(4,402)	(1,261)
Net change in total pension liability	\$ 44,003	\$ 64,776	\$ (4,325)	\$ 6,803	\$ 36,245	\$ 79,559	\$ (11,588)	\$ 65,547	\$ 37,050
Total pension liability - beginning	468,198	403,422	407,747	400,944	364,699	285,140	296,728	231,181	194,131
Total pension liability - ending (a)	\$ 512,201	\$ 468,198	\$ 403,422	\$ 407,747	\$ 400,944	\$ 364,699	\$ 285,140	\$ 296,728	\$ 231,181
Plan fiduciary net position									
Contributions - employer	\$ 6,724	\$ 6,813	\$ 16,039	\$ 15,704	\$ 15,546	\$ 15,435	\$ 17,967	\$ 18,899	\$ 25,647
Contributions - employee	10,641	10,570	9,535	9,316	9,337	9,245	9,619	10,125	10,403
Net investment income	(784)	138,411	9,213	29,680	28,926	41,312	5,995	13,842	36,655
Benefit payments	(19,047)	(10,288)	(10,191)	(9,892)	(8,491)	(11,356)	(27,226)	(4,402)	(1,261)
Administrator charges	(398)	(328)	(291)	(268)	(231)	(221)	(192)	(162)	(166)
Other	15	13	(11)	(19)	(27)	(38)	(2)	(1)	2
Net change in plan fiduciary net position	\$ (2,849)	\$ 145,191	\$ 24,294	\$ 44,521	\$ 45,060	\$ 54,377	\$ 6,161	\$ 38,301	\$ 71,280
Plan fiduciary net position - beginning	643,898	498,707	474,413	429,892	384,832	330,455	324,294	285,993	214,713
Plan fiduciary net position - ending (b)	\$ 641,049	\$ 643,898	\$ 498,707	\$ 474,413	\$ 429,892	\$ 384,832	\$ 330,455	\$ 324,294	\$ 285,993
Town's net pension liability (asset) - ending (a) - (b)	\$ (128,848)	\$ (175,700)	\$ (95,285)	\$ (66,666)	\$ (28,948)	\$ (20,133)	\$ (45,315)	\$ (27,566)	\$ (54,812)
Plan fiduciary net position as a percentage of the total pension liability	125.16%	137.53%	123.62%	116.35%	107.22%	105.52%	115.89%	109.29%	123.71%
Covered payroll	\$ 240,754	\$ 237,765	\$ 199,039	\$ 197,185	\$ 191,540	\$ 189,218	\$ 199,338	\$ 206,457	\$ 209,387
Town's net pension liability (asset) as a percentage of covered payroll	-53.52%	-73.90%	-47.87%	-33.81%	-15.11%	-10.64%	-22.73%	-13.35%	-26.18%

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

Town of Rich Creek, Virginia
Schedule of Employer Contributions
Pension Plan
For the Years Ended June 30, 2014 through June 30, 2023

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)
2023	\$ 7,219	\$ 7,219	\$ -	\$ 258,165	2.80%
2022	6,724	6,724	-	240,754	2.79%
2021	6,833	6,833	-	237,765	2.87%
2020	16,039	16,039	-	199,039	8.06%
2019	15,696	15,696	-	197,185	7.96%
2018	15,546	15,546	-	191,540	8.12%
2017	15,435	15,435	-	189,218	8.16%
2016	18,122	17,967	-	199,338	9.01%
2015	18,899	18,899	-	206,457	9.15%
2014	25,713	25,647	-	209,387	12.25%

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

Town of Rich Creek, Virginia
Notes to Required Supplementary Information
Pension Plan
For the Year Ended June 30, 2023

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

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

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

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

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

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

Town of Rich Creek, Virginia
 Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2018 through June 30, 2022

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)
2022	0.00110% \$	13,365 \$	240,754	5.55%	67.21%
2021	0.00120%	13,389	237,765	5.63%	67.45%
2020	0.00101%	16,855	199,039	8.47%	52.64%
2019	0.00101%	16,435	197,185	8.33%	52.00%
2018	0.00067%	10,000	126,859	7.88%	51.22%

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

Town of Rich Creek, Virginia
Schedule of Employer Contributions
Group Life Insurance (GLI) Plan
For the Years Ended June 30, 2018 through June 30, 2023

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)
2023	\$ 1,394	\$ 1,394	-	\$ 258,165	0.54%
2022	1,300	1,300	-	240,754	0.54%
2021	1,284	1,284	-	237,765	0.54%
2020	1,035	1,035	-	199,039	0.52%
2019	1,025	1,025	-	197,185	0.52%
2018	660	660	-	126,859	0.52%

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

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

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation 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

Town of Rich Creek, Virginia
Combining Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Custodial Funds		Total
	Library	Cemetery	
ASSETS			
Cash and cash equivalents	\$ 4,076	\$ 39,256	\$ 43,332
Certificates of Deposit	-	131,712	131,712
Total assets	<u>\$ 4,076</u>	<u>\$ 170,968</u>	<u>\$ 175,044</u>
NET POSITION			
Restricted for:			
Library operations	\$ 4,076	-	\$ 4,076
Cemetery operations	-	170,968	170,968
Total net position	<u>\$ 4,076</u>	<u>\$ 170,968</u>	<u>\$ 175,044</u>

Town of Rich Creek, Virginia
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Custodial Funds		Total
	Library	Cemetery	
ADDITIONS			
Contributions:			
Contributions from the Town of Rich Creek	\$ -	\$ 131,712	\$ 131,712
Book sales	140	-	140
Private donations	-	4,245	4,245
Total contributions	\$ 140	\$ 135,957	\$ 136,097
Total additions	\$ 140	\$ 135,957	\$ 136,097
DEDUCTIONS			
Maintenance	\$ -	\$ 2,500	\$ 2,500
Administrative expenses	148	-	148
Total deductions	\$ 148	\$ 2,500	\$ 2,648
Net increase (decrease) in fiduciary net position	\$ (8)	\$ 133,457	\$ 133,449
Net position - beginning	4,084	37,511	41,595
Net position - ending	\$ 4,076	\$ 170,968	\$ 175,044

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Other Supplementary Information

Town of Rich Creek, Virginia
Schedule of Revenues - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
All property taxes	\$ 145,000	\$ 145,000	\$ 151,783	\$ 6,783
Other local taxes:				
Local sales and use tax	\$ 50,000	\$ 50,000	\$ 48,757	\$ (1,243)
Consumers' utility tax	17,000	17,000	17,255	255
Consumption taxes	3,500	3,500	3,267	(233)
Business license tax	75,000	75,000	72,995	(2,005)
Motor vehicle licenses	12,000	12,000	12,725	725
Bank stock tax	15,325	15,325	13,646	(1,679)
Hotel and motel room tax	3,500	3,500	2,593	(907)
Restaurant food taxes	65,000	65,000	69,130	4,130
Cigarette tax	36,000	36,000	29,250	(6,750)
Total other local taxes	\$ 277,325	\$ 277,325	\$ 269,618	\$ (7,707)
Fines and forfeitures:				
Court fines and forfeitures	\$ 6,000	\$ 6,000	\$ 9,108	\$ 3,108
Revenue from use of money and property:				
Revenue from use of property	\$ 11,000	\$ 11,000	\$ 11,491	\$ 491
Charges for services:				
Charges for parks and recreation	\$ 14,000	\$ 14,000	\$ 8,040	\$ (5,960)
Miscellaneous:				
Library donations	\$ 3,600	\$ 3,600	\$ 3,600	\$ -
Miscellaneous	24,085	24,085	9,632	(14,453)
Total miscellaneous	\$ 27,685	\$ 27,685	\$ 13,232	\$ (14,453)
Total revenue from local sources	\$ 481,010	\$ 481,010	\$ 463,272	\$ (17,738)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 6,000	\$ 6,000	\$ 5,445	\$ (555)
Personal property tax relief act funds	12,490	12,490	12,490	-
Total noncategorical aid	\$ 18,490	\$ 18,490	\$ 17,935	\$ (555)
Categorical aid:				
Other categorical aid:				
Local law enforcement grants	\$ 17,956	\$ 17,956	\$ 19,741	\$ 1,785
Asset forfeiture funds	-	-	315	315
Fire program funds	15,000	15,000	15,000	-
Total other categorical aid	\$ 32,956	\$ 32,956	\$ 35,056	\$ 2,100
Total revenue from the Commonwealth	\$ 51,446	\$ 51,446	\$ 52,991	\$ 1,545

Town of Rich Creek, Virginia
Schedule of Revenues - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Federal policing grants	\$ -	\$ -	\$ 5,604	\$ 5,604
Justice assistance grant	2,066	2,066	2,066	-
Total categorical aid	<u>\$ 2,066</u>	<u>\$ 2,066</u>	<u>\$ 7,670</u>	<u>\$ 5,604</u>
Total revenue from the federal government	<u>\$ 2,066</u>	<u>\$ 2,066</u>	<u>\$ 7,670</u>	<u>\$ 5,604</u>
Total General Fund	<u>\$ 534,522</u>	<u>\$ 534,522</u>	<u>\$ 523,933</u>	<u>\$ (10,589)</u>

Town of Rich Creek, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Fund
For the Year Ended June 30, 2023

<u>Fund, Function, Sub-Function and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Town Council	\$ 10,800	\$ 10,800	\$ 41,400	\$ (30,600)
General and financial administration:				
Administrative	\$ 271,070	\$ 271,070	\$ 232,915	\$ 38,155
Audit Services	15,300	15,300	11,675	3,625
Total general and financial administration	\$ 286,370	\$ 286,370	\$ 244,590	\$ 41,780
Total general government administration	\$ 297,170	\$ 297,170	\$ 285,990	\$ 11,180
Public safety:				
Law enforcement and traffic control:				
Police Department	\$ 100,064	\$ 100,064	\$ 98,641	\$ 1,423
Fire and rescue services:				
Volunteer Fire Department	\$ 47,909	\$ 47,909	\$ 48,591	\$ (682)
Total public safety	\$ 147,973	\$ 147,973	\$ 147,232	\$ 741
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Street Maintenance	\$ 41,151	\$ 41,151	\$ 43,674	\$ (2,523)
Maintenance of general buildings and grounds:				
Municipal Building	\$ 30,606	\$ 30,606	\$ 27,904	\$ 2,702
Total public works	\$ 71,757	\$ 71,757	\$ 71,578	\$ 179
Parks, recreation, and cultural:				
Parks and recreation:				
Parks and Recreation	\$ 29,157	\$ 29,157	\$ 30,507	\$ (1,350)
Total parks, recreation, and cultural	\$ 29,157	\$ 29,157	\$ 30,507	\$ (1,350)
Capital projects/capital outlays:				
Administrative building improvements	\$ 1,223	\$ 1,223	\$ -	\$ 1,223
Total capital projects	\$ 1,223	\$ 1,223	\$ -	\$ 1,223
Debt service:				
Principal Retirement	\$ -	\$ -	\$ 1,616	\$ (1,616)
Interest and Other Fiscal Charges	-	-	51	(51)
Total debt service	\$ -	\$ -	\$ 1,667	\$ (1,667)
Total General Fund	\$ 547,280	\$ 547,280	\$ 536,974	\$ 10,306

Town of Rich Creek, Virginia
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total Water and Sewer</u>
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 226,759	\$ -	\$ 226,759
Sewer revenues	-	260,325	260,325
Water and sewer connection fees	15,594	-	15,594
Miscellaneous revenue	65,084	-	65,084
Total operating revenues	<u>\$ 307,437</u>	<u>\$ 260,325</u>	<u>\$ 567,762</u>
OPERATING EXPENSES			
Salaries and fringes	\$ 89,475	\$ 51,387	\$ 140,862
Utilities	849	12,910	13,759
Purchase of water	103,118	-	103,118
Supplies, maintenance and repairs	49,681	12,085	61,766
Office expense	1,729	172	1,901
Insurance	1,448	1,306	2,754
Payment to Cemetery Fund	-	131,712	131,712
Miscellaneous	1,864	67,164	69,028
Depreciation	16,741	181,182	197,923
Total operating expenses	<u>\$ 264,905</u>	<u>\$ 457,918</u>	<u>\$ 722,823</u>
Operating income (loss)	<u>\$ 42,532</u>	<u>\$ (197,593)</u>	<u>\$ (155,061)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	\$ -	\$ (40,154)	\$ (40,154)
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ (40,154)</u>	<u>\$ (40,154)</u>
Income (loss) before transfers and capital contributions	\$ 42,532	\$ (237,747)	\$ (195,215)
Transfers out	-	(88,500)	(88,500)
Change in net position	<u>\$ 42,532</u>	<u>\$ (326,247)</u>	<u>\$ (283,715)</u>

Other Statistical Information

Table 1

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

Fiscal Year	General		Parks,			Interest		Total
	Government Administration	Public Safety	Public Works	Recreation, and Cultural	Community Development	on Long- Term Debt	Water and Sewer	
2022-23	\$ 294,295	\$ 133,112	\$ 45,778	\$ 23,063	\$ -	\$ 51	\$ 872,937	\$ 1,369,236
2021-22	338,351	151,471	84,232	7,486	-	59	570,247	1,151,846
2020-21	248,094	152,975	495,787	29,543	-	-	585,644	1,512,043
2019-20	234,439	123,629	581,502	14,728	8,980	-	550,360	1,513,638
2018-19	226,068	102,908	105,122	14,822	11,020	-	592,656	1,052,596
2017-18	214,210	97,904	147,574	8,701	2,000	-	677,302	1,147,691
2016-17	278,281	113,607	88,385	23,185	-	-	640,630	1,144,088
2015-16	248,413	122,000	146,790	15,208	-	-	735,501	1,267,912
2014-15	194,671	148,726	893,983	14,153	519,773	-	702,792	2,474,098
2013-14	182,621	151,836	125,987	7,420	175,951	21	717,019	1,360,855

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

-61-

Table 3

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

Fiscal Year	General and Financial Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Debt Service	Total
2022-23	\$ 285,990	\$ 147,232	\$ 71,578	\$ 30,507	\$ -	\$ 1,667	\$ 536,974
2021-22	329,379	149,161	70,211	11,785	-	1,667	562,203
2020-21	247,921	144,402	42,486	28,026	-	-	462,835
2019-20	233,496	114,665	80,476	13,211	8,980	-	450,828
2018-19	236,131	144,483	76,449	14,063	11,020	-	482,146
2017-18	209,562	98,124	128,906	8,701	2,000	-	447,293
2016-17	271,834	111,899	70,062	21,155	-	59	475,009
2015-16	242,020	94,058	128,073	12,502	-	59	476,712
2014-15	189,573	105,279	1,016,556	11,447	519,773	-	1,842,628
2013-14	178,115	105,732	114,987	4,714	175,951	2,016	581,515

(1) Excludes capital projects

Table 4

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

Fiscal Year	General Property Taxes	Other Local Taxes	Fines and Forfeitures	Revenue from the			Charges for Services	Miscellaneous	Inter-governmental	Total
				Use of Money and Property						
2022-23	\$ 151,783	\$ 269,618	\$ 9,108	\$ 11,491	\$	\$	8,040	\$ 13,232	\$ 60,661	\$ 523,933
2021-22	145,576	259,788	5,276	7,591			21,740	7,067	106,177	553,215
2020-21	141,553	251,290	9,582	(746)			9,000	6,998	340,033	757,710
2019-20	145,003	252,460	5,612	7,402			11,992	12,787	466,152	901,408
2018-19	142,958	253,004	5,829	13,355			19,842	9,171	87,000	531,159
2017-18	133,326	256,759	4,556	11,247			10,020	34,777	91,575	542,260
2016-17	131,390	240,179	6,649	9,854			10,672	6,161	77,336	482,241
2015-16	129,884	246,511	6,520	7,588			10,042	10,463	145,098	556,106
2014-15	120,994	235,737	8,770	7,914			10,412	22,859	1,252,837	1,659,523
2013-14	123,365	188,140	14,674	6,389			10,377	34,634	242,880	620,459

Table 5

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

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1,2)	Percent of Levy Collected	Delinquent Tax Collections (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2022-23	\$ 160,917	\$ 159,530	99.14%	\$ 4,743	\$ 164,273	102.09%	\$ 5,494	3.41%
2021-22	157,472	155,285	98.61%	2,781	158,066	100.38%	9,150	5.81%
2020-21	154,352	149,399	96.79%	4,644	154,043	99.80%	10,009	6.48%
2019-20	153,380	146,220	95.33%	11,273	157,493	102.68%	10,488	6.84%
2018-19	147,247	142,526	96.79%	12,922	155,448	105.57%	15,796	10.73%
2017-18	144,012	135,998	94.44%	9,818	145,816	101.25%	22,842	15.86%
2016-17	142,219	133,405	93.80%	10,475	143,880	101.17%	18,482	13.00%
2015-16	138,801	135,208	97.41%	7,166	142,374	102.57%	17,945	12.93%
2014-15	131,848	129,364	98.12%	4,120	133,484	101.24%	13,301	10.09%
2013-14	134,269	129,269	96.28%	6,586	135,855	101.18%	12,701	9.46%

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

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

Table 6

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

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes (1)	Machinery and Tools (1)	Public Utility (2) Real Estate	Total
2022-23	\$ 40,237,100	\$ 9,194,576	\$ 4,067,726	\$ 1,222,909	\$ 54,722,311
2021-22	40,223,700	8,098,415	3,880,446	1,230,103	53,432,664
2020-21	40,155,600	7,761,967	3,754,414	1,293,407	52,965,388
2019-20	40,303,800	7,620,413	3,672,872	1,282,486	52,879,571
2018-19	40,303,000	7,126,221	3,176,918	1,282,432	51,888,571
2017-18	40,248,900	6,660,248	3,136,727	1,301,259	51,347,134
2016-17	40,199,400	6,527,343	3,108,396	1,294,878	51,130,017
2015-16	40,024,200	6,583,024	5,923,871	1,300,849	53,831,944
2014-15	36,996,000	6,382,873	6,050,273	1,288,500	50,717,646
2013-14	36,696,200	6,365,416	5,836,475	1,214,420	50,112,511

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

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

Table 7

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

Fiscal Year	Real Estate	Mobile Homes	Personal Property	Machinery and Tools
2022-23	\$ 0.20	\$ 0.20	\$ 0.58	\$ 0.63
2021-22	0.20	0.20	0.63	0.63
2020-21	0.20	0.20	0.63	0.63
2019-20	0.20	0.20	0.63	0.63
2018-19	0.20	0.20	0.63	0.63
2017-18	0.20	0.20	0.63	0.63
2016-17	0.20	0.20	0.63	0.63
2015-16	0.20	0.20	0.63	0.31
2014-15	0.20	0.20	0.63	0.31
2013-14	0.20	0.20	0.63	0.31

(1) Per \$100 of assessed value.

Table 8

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

Fiscal Year	Population (1)	Assessed Value (in thousands) (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2022-23	726	\$ 41,460	\$ 1,571,054	3.79%	\$ 2,164
2021-22	726	41,454	1,608,984	3.88%	2,216
2020-21	752	41,449	1,645,979	3.97%	2,189
2019-20	752	41,586	1,682,062	4.04%	2,237
2018-19	752	41,585	1,717,254	4.13%	2,284
2017-18	752	41,550	1,751,579	4.22%	2,329
2016-17	752	41,494	1,785,057	4.30%	2,374
2015-16	752	41,325	1,817,709	4.40%	2,417
2014-15	752	38,285	2,350,842	6.14%	3,126
2013-14	763	37,911	2,401,113	6.33%	3,147

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

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

Table 9

Town of Rich Creek, Virginia
Computation of Legal Debt Margin
June 30, 2023

Assessed valuations:	
Assessed value of real estate	<u>\$ 41,460,009</u>
Legal debt margin	
Debt limitation - 10 percent of total assessed value	\$ 4,146,001
Total debt applicable to limitation	<u>(1,571,054)</u>
Legal debt margin	<u>\$ 2,574,947</u>

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COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Rich Creek, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Rich Creek, Virginia's basic financial statements and have issued our report thereon dated April 1, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2023-001, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Town of Rich Creek, Virginia's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Town of Rich Creek, Virginia's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Town of Rich Creek, Virginia's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Polina, Fawcett, Cox Associates

Blacksburg, Virginia
April 1, 2024

Town of Rich Creek, Virginia
Schedule of Findings and Responses
For the Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

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

Section II - Financial Statement Findings

2023-001	
Criteria:	A key concept of internal controls is the segregation of duties. No one employee should have access to both accounting records and related assets.
Condition:	The Town does not have a proper segregation of duties over the payroll, accounts payable and billing and collection functions.
Cause:	The Town lacks the funding to fully support a completely segregated finance department.
Effect:	There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	Management should further try to segregate duties amongst current staff to help alleviate risk created by improper segregation of duties.
Management's Response:	Management acknowledges that internal controls over the billing and collection function as well as the accounts payable and payroll functions lack proper segregation of duties; however, to alleviate same would require additional staff.

Section III - Status of Prior Audit Findings and Responses

Finding 2022-001 has been resolved and Finding 2022-002 is repeated in the current year as 2023-001.

