

*Town of Orange, Virginia*



*Financial Report*  
*Year Ended June 30, 2022*



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



# TOWN OF ORANGE, VIRGINIA

## DIRECTORY OF OFFICIALS

### COUNCIL

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Timothy J. Bosford, Jr.	Martha Roby, Mayor	
Elliott A. Fox, Jr.	Frederick W. “Rick” Sherman, Jr., Vice-Mayor	Donna Waugh-Robinson

### OFFICIALS

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Greg Woods	Town Manager
Dianna Gomez	Director of Finance
Wendy J. Chewning	Town Clerk



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

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**FINANCIAL REPORT**  
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# ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

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## Independent Auditors' Report

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To the Honorable Members of the Town Council  
Town of Orange, 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, the discretely presented component unit, and each major fund of Town of Orange, Virginia, as of and for the year ended June 30, 2022, 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, the discretely presented component unit, and each major fund of Town of Orange, Virginia, as of June 30, 2022, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Orange, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Change in Accounting Principle*

As described in Note 1 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement Nos. 87, *Leases*, and 92, *Omnibus 2020*. Our opinions are not modified with respect to this matter.

#### *Restatement of Beginning Balances*

As described in Note 15 to the financial statements, in 2022, the Town restated beginning balances in order to correct grants receivable. Our opinions are not modified with respect to this matter.

## ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Orange, 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 Orange, Virginia's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the statistical 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 November 30, 2022, on our consideration of Town of Orange, 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 Orange, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Orange, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 30, 2022



## **Management's Discussion and Analysis**

As management of Town of Orange (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town's basic financial statements, which follow this section.

### **Financial Highlights**

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$24.1 million (*net position*). Of this amount, \$1.8 million (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$897,602, of which the governmental activities accounted for an increase of \$769,564 and business-type activities accounted for an increase of \$128,038.
- The total ending fund balance for the Town's governmental funds is \$4,688,795, an increase of \$330,431 over the prior year. The ending fund balance of the general fund was \$4,635,163 and is equal to 87% of the Town's fiscal year 2022 general fund expenditures.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4.6 million, or 96% of general fund expenditures less any capital outlay projects funded with bond proceeds.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

#### **Government-wide financial statements**

The *government-wide financial statements* are designed to provide the readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the Town's assets, liabilities, and deferred inflows/outflows with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the Town may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the Town may have used previously accumulated funds.

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

## Overview of the Financial Statements: (Continued)

### Government-wide financial statements: (Continued)

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government administration, public safety, and public works. The business-type activities are for public utilities. The government-wide financial statements can be found on pages 11 through 13 of this report.

### Fund financial statements

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

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

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

The Town maintains three governmental funds, a General Fund, a Special Revenue Fund, and a Capital Projects Fund. The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14 through 17 of this report.

The Town maintains one type of **Proprietary Fund**. The Town uses *enterprise funds*, which are used to report the same functions presented as *business-type activities* in the government-wide financial statements, to account for its public utilities. The basic proprietary fund financial statements can be found on pages 18 through 20 of this report.

### Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 68 of this report.

### Other information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning budgetary comparisons for the general fund and the schedules related to pension and OPEB funding. Required supplementary information can be found on pages 69 through 81 of this report.



## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24.1 million at the close of the most recent fiscal year. A large portion of the Town's net position (\$22.1 million, 92% of total) reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure machinery and equipment, and vehicles) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (i.e., the Town's investment in capital assets are of a permanent nature as assets acquired are generally not sold or otherwise disposed of during their useful life).

The following table summarizes the Town's Statement of Net Position:

**Town of Orange, Virginia**  
**Summary of Net Position**  
**As of June 30, 2022 and June 30, 2021**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current and other assets	\$ 7,748,544	\$ 7,655,148	\$ 148,691	\$ 423,035	\$ 7,897,235	\$ 8,078,183
Capital assets	7,444,341	7,256,089	25,924,501	26,341,971	33,368,842	33,598,060
Total assets	\$ 15,192,885	\$ 14,911,237	\$ 26,073,192	\$ 26,765,006	\$ 41,266,077	\$ 41,676,243
Deferred outflows of resources	\$ 711,442	\$ 842,167	\$ 184,683	\$ 224,160	\$ 896,125	\$ 1,066,327
Long-term liabilities outstanding	\$ 2,145,996	\$ 3,586,953	\$ 11,311,338	\$ 12,266,286	\$ 13,457,334	\$ 15,853,239
Other liabilities	2,414,946	2,792,425	141,426	393,731	2,556,372	3,186,156
Total liabilities	\$ 4,560,942	\$ 6,379,378	\$ 11,452,764	\$ 12,660,017	\$ 16,013,706	\$ 19,039,395
Deferred inflows of resources	\$ 1,742,874	\$ 450,970	\$ 354,061	\$ 6,137	\$ 2,096,935	\$ 457,107
Net investment in capital assets	\$ 6,704,394	\$ 6,665,217	\$ 15,441,292	\$ 14,951,507	\$ 22,145,686	\$ 21,616,724
Restricted	73,178	73,162	-	-	73,178	73,162
Unrestricted	2,822,939	2,184,677	(990,242)	(628,495)	1,832,697	1,556,182
Total net position	\$ 9,600,511	\$ 8,923,056	\$ 14,451,050	\$ 14,323,012	\$ 24,051,561	\$ 23,246,068

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

As noted previously, the Town's overall (government and business-type activities) net position increased by \$897,602 during the current fiscal year. The overall increase is attributed to a decrease in operating expenses in the governmental funds.

## Government-wide Financial Analysis: (Continued)

**Governmental activities** increased the Town's net position by \$769,564. The following table summarizes the Town's Statement of Activities:

<p style="text-align: center;">Town of Orange, Virginia Changes in Net Position For the Years Ended June 30, 2022 and June 30, 2021</p>						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 656,436	\$ 614,482	\$ 3,183,707	\$ 3,085,795	\$ 3,840,143	\$ 3,700,277
Operating grants and contributions	1,182,997	2,664,282	-	-	1,182,997	2,664,282
Capital grants and contributions	-	-	700,091	152,693	700,091	152,693
General revenues:						
Property taxes	873,213	805,289	-	-	873,213	805,289
Other taxes	2,570,637	2,316,443	-	-	2,570,637	2,316,443
Unrestricted revenues from the use of money and property	6,547	27,834	410	778	6,957	28,612
Miscellaneous	93,748	35,873	207,086	180,029	300,834	215,902
Grants and contributions not restricted to specific programs	252,307	267,679	-	-	252,307	267,679
Gain on sale of surplus property	17,387	14,302	-	-	17,387	14,302
Total revenues	<u>\$ 5,653,272</u>	<u>\$ 6,746,184</u>	<u>\$ 4,091,294</u>	<u>\$ 3,419,295</u>	<u>\$ 9,744,566</u>	<u>\$ 10,165,479</u>
Expenses:						
General government administration	\$ 1,058,145	\$ 1,047,960	\$ -	\$ -	\$ 1,058,145	\$ 1,047,960
Public safety	1,579,813	1,882,357	-	-	1,579,813	1,882,357
Public works	1,772,407	2,133,392	-	-	1,772,407	2,133,392
Parks, recreation and cultural	53,159	61,753	-	-	53,159	61,753
Community development	393,544	375,749	-	-	393,544	375,749
Interest on long-term obligations	26,640	31,646	-	-	26,640	31,646
Water fund	-	-	1,547,437	1,531,367	1,547,437	1,531,367
Sewer fund	-	-	2,415,819	1,967,912	2,415,819	1,967,912
Total expenses	<u>\$ 4,883,708</u>	<u>\$ 5,532,857</u>	<u>\$ 3,963,256</u>	<u>\$ 3,499,279</u>	<u>\$ 8,846,964</u>	<u>\$ 9,032,136</u>
Increase (decrease) in net position before transfers and capital contributions	<u>\$ 769,564</u>	<u>\$ 1,213,327</u>	<u>\$ 128,038</u>	<u>\$ (79,984)</u>	<u>\$ 897,602</u>	<u>\$ 1,133,343</u>
Transfers	<u>\$ -</u>	<u>\$ (850,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (850,000)</u>
Increase (decrease) in net position	<u>\$ 769,564</u>	<u>\$ 363,327</u>	<u>\$ 128,038</u>	<u>\$ (79,984)</u>	<u>\$ 897,602</u>	<u>\$ 283,343</u>
Net position - beginning of year, as restated	<u>\$ 8,830,947</u>	<u>\$ 8,559,729</u>	<u>\$ 14,323,012</u>	<u>\$ 14,402,996</u>	<u>\$ 23,153,959</u>	<u>\$ 22,962,725</u>
Net position - end of year	<u>\$ 9,600,511</u>	<u>\$ 8,923,056</u>	<u>\$ 14,451,050</u>	<u>\$ 14,323,012</u>	<u>\$ 24,051,561</u>	<u>\$ 23,246,068</u>

**Business-type activities** increased the Town's net position by \$128,038. Similar to how changes arise in the governmental activities, business-type activities also experience budgetary differences; however, as a public utility function comprises the Town's business-type activities there is more of a direct correlation to the revenues generated relative to the expenses incurred because of service demands.



## Financial Analysis of the Town's Funds

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

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

In fiscal year 2022, the General Fund's operating revenues exceeded expenditures by \$343,901.

At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,601,538. Nonspendable fund balance was \$33,625 and consisted of prepaid items and leases.

**Proprietary Fund:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the water and sewer funds at the end of the year amounted to (\$990,242). The total net position increased by \$128,038 from the prior year.

## General Fund Budgetary Highlights

During the fiscal year, the Town's actual revenue was under budget by \$3,543,189 with the deficit generated by intergovernmental revenues from the Commonwealth and reserve funds. Expenditures were under budget by \$1,943,498.

## Capital Asset and Debt Administration

**Capital assets:** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$33.4 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, and machinery and equipment as well as lease assets and construction in progress.

### Town of Orange, Virginia Capital Assets (net of depreciation) As of June 30, 2022 and June 30, 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,147,466	\$ 1,147,466	\$ 248,292	\$ 248,292	\$ 1,395,758	\$ 1,395,758
Wastewater treatment plant	-	-	18,847,307	19,330,571	18,847,307	19,330,571
Buildings	1,700,000	1,780,215	1,742,465	1,831,339	3,442,465	3,611,554
Lease assets	287,877	-	-	-	287,877	-
Equipment and improvements	360,596	240,029	2,576,983	2,585,579	2,937,579	2,825,608
Road systems	3,791,801	4,088,379	-	-	3,791,801	4,088,379
Water storage facility	-	-	2,236,010	2,331,190	2,236,010	2,331,190
Construction in progress	156,601	-	273,444	15,000	430,045	15,000
Total	\$ 7,444,341	\$ 7,256,089	\$ 25,924,501	\$ 26,341,971	\$ 33,368,842	\$ 33,598,060

Additional information on the Town's capital assets can be found in Note 5 on pages 35 through 36 of this report.

## **Capital Asset and Debt Administration: (Continued)**

**Long-term obligations:** At the end of the current fiscal year, the Town had total outstanding obligations of \$13.5 million and details are summarized in the following table:

**Town of Orange, Virginia  
Outstanding Obligations  
As of June 30, 2022 and June 30, 2021**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Bonds Payable:						
General obligation bonds	\$ 455,900	\$ 603,950	\$ 1,704,100	\$ 1,961,050	\$ 2,160,000	\$ 2,565,000
Revenue bonds	-	-	8,779,109	9,429,414	8,779,109	9,429,414
Lease liabilities	291,437	-	-	-	291,437	-
Net pension liability	661,216	2,161,075	688,378	716,774	1,349,594	2,877,849
Net OPEB liabilities	591,869	646,405	81,792	103,140	673,661	749,545
Compensated absences	145,574	175,523	57,959	55,908	203,533	231,431
Total	<u>\$ 2,145,996</u>	<u>\$ 3,586,953</u>	<u>\$ 11,311,338</u>	<u>\$ 12,266,286</u>	<u>\$ 13,457,334</u>	<u>\$ 15,853,239</u>

Debt associated with governmental activities decreased by \$1,440,957 while debt associated with business-type activities decreased by \$954,948.

The Town is subject to a statutory debt limitation. The legal debt margin is limited to 10% of total assessed value. The margin is computed as all bonded debt and long-term notes except for enterprise indebtedness over total assessed value of taxed real property. The Town was in compliance with debt limitation as of June 30, 2022.

Additional information on the Town's long-term obligations compliance can be found in Note 6.

## **Economic Factors and Next Year's Budgets and Rates**

Real estate assessments are conducted by the County of Orange every four years. The most recent property assessments were performed effective with tax year 2020. The real estate tax rate effective for calendar year 2022 is \$0.157 per \$100 of assessed value and personal property is \$0.83 per \$100 of assessed value. The fiscal year 2023 budget was approved by Town Council on May 16, 2022. The general government fiscal year 2023 budget totaled \$5.49 million including \$505,000 for capital outlay.

## **Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Town of Orange, 119 Bellevue Avenue, Orange, VA 22960.

## **Basic Financial Statements**



## **Government-wide Financial Statements**



## Statement of Net Position

As of June 30, 2022

	Primary Government			Component Unit
	Governmental	Business-type	Total	Economic
	Activities	Activities		Development
				Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,311,284	\$ 918,727	\$ 6,230,011	\$ 3,460
Receivables (net of allowance for uncollectibles):				
Taxes receivable	395,150	-	395,150	-
Accounts receivable	-	427,450	427,450	-
Lease receivable	245,079	-	245,079	-
Other local receivables	182,475	-	182,475	-
Internal balances	1,315,216	(1,315,216)	-	-
Due from other governmental units	115,099	8,519	123,618	-
Prepaid items	31,707	11,411	43,118	-
Restricted assets:				
Cash and cash equivalents	152,534	97,800	250,334	-
Capital assets (net of accumulated depreciation):				
Land	1,147,466	248,292	1,395,758	-
Wastewater treatment plant	-	18,847,307	18,847,307	-
Buildings	1,700,000	1,742,465	3,442,465	-
Lease assets	287,877	-	287,877	-
Equipment and improvements	360,596	2,576,983	2,937,579	-
Water storage facility	-	2,236,010	2,236,010	-
Road systems	3,791,801	-	3,791,801	-
Construction in progress	156,601	273,444	430,045	-
Total assets	\$ 15,192,885	\$ 26,073,192	\$ 41,266,077	\$ 3,460
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	\$ 7,390	\$ -	\$ 7,390	\$ -
Pension related items	507,573	170,095	677,668	-
OPEB related items	196,479	14,588	211,067	-
Total deferred outflows of resources	\$ 711,442	\$ 184,683	\$ 896,125	\$ -
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 176,271	\$ 24,550	\$ 200,821	\$ -
Performance bonds payable	79,356	-	79,356	-
Accrued interest payable	4,103	19,076	23,179	-
Unearned revenue	2,155,216	-	2,155,216	-
Deposits held	-	97,800	97,800	-
Long-term liabilities:				
Due within one year	164,957	915,700	1,080,657	-
Due in more than one year	1,981,039	10,395,638	12,376,677	-
Total liabilities	\$ 4,560,942	\$ 11,452,764	\$ 16,013,706	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue-property taxes	\$ 351,782	\$ -	\$ 351,782	\$ -
Deferred revenue-leases	243,161	-	243,161	-
Pension related items	970,531	325,237	1,295,768	-
OPEB related items	177,400	28,824	206,224	-
Total deferred inflows of resources	\$ 1,742,874	\$ 354,061	\$ 2,096,935	\$ -
<b>NET POSITION</b>				
Net investment in capital assets	\$ 6,704,394	\$ 15,441,292	\$ 22,145,686	\$ -
Restricted for:				
Taylor park fund	73,178	-	73,178	-
Unrestricted (deficit)	2,822,939	(990,242)	1,832,697	3,460
Total net position	\$ 9,600,511	\$ 14,451,050	\$ 24,051,561	\$ 3,460

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

TOWN OF ORANGE, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 1,058,145	\$ 365,674	\$ -	\$ -
Public safety	1,579,813	102,013	136,568	-
Public works	1,772,407	182,741	1,024,649	-
Parks, recreation, and cultural	53,159	3,548	4,500	-
Community development	393,544	2,460	17,280	-
Interest on long-term debt	26,640	-	-	-
Total governmental activities	\$ 4,883,708	\$ 656,436	\$ 1,182,997	\$ -
Business-type activities:				
Water	\$ 1,547,437	\$ 1,407,361	\$ -	\$ 307,814
Sewer	2,415,819	1,776,346	-	392,277
Total business-type activities	\$ 3,963,256	\$ 3,183,707	\$ -	\$ 700,091
Total primary government	\$ 8,846,964	\$ 3,840,143	\$ 1,182,997	\$ 700,091
COMPONENT UNIT:				
Economic Development Authority	\$ 17,280	\$ -	\$ -	\$ -

General revenues and transfers:

General property taxes

Other local taxes:

Local sales and use tax

Consumers' utility tax

Bank franchise tax

Restaurant food tax

Transient/occupancy tax

Tobacco tax

Other local taxes

Unrestricted revenues from use of money

Miscellaneous

Grants and contributions not restricted to specific programs

Gain on disposal of surplus property

Total general revenues

Change in net position

Net position - beginning, as restated

Net position - ending

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



## Exhibit 2

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Economic Development Authority
\$ (692,471)	\$ -	\$ (692,471)	\$ -
(1,341,232)	-	(1,341,232)	-
(565,017)	-	(565,017)	-
(45,111)	-	(45,111)	-
(373,804)	-	(373,804)	-
(26,640)	-	(26,640)	-
<u>\$ (3,044,275)</u>	<u>\$ -</u>	<u>\$ (3,044,275)</u>	<u>\$ -</u>
\$ -	\$ 167,738	\$ 167,738	\$ -
-	(247,196)	(247,196)	-
<u>\$ -</u>	<u>\$ (79,458)</u>	<u>\$ (79,458)</u>	<u>\$ -</u>
<u>\$ (3,044,275)</u>	<u>\$ (79,458)</u>	<u>\$ (3,123,733)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (17,280)
\$ 873,213	\$ -	\$ 873,213	\$ -
350,017	-	350,017	-
233,134	-	233,134	-
148,930	-	148,930	-
1,480,589	-	1,480,589	-
162,334	-	162,334	-
81,000	-	81,000	-
114,633	-	114,633	-
6,547	410	6,957	-
93,748	207,086	300,834	-
252,307	-	252,307	-
17,387	-	17,387	-
<u>\$ 3,813,839</u>	<u>\$ 207,496</u>	<u>\$ 4,021,335</u>	<u>\$ -</u>
\$ 769,564	\$ 128,038	\$ 897,602	\$ (17,280)
<u>8,830,947</u>	<u>14,323,012</u>	<u>23,153,959</u>	<u>20,740</u>
<u>\$ 9,600,511</u>	<u>\$ 14,451,050</u>	<u>\$ 24,051,561</u>	<u>\$ 3,460</u>

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## **Fund Financial Statements**

## Balance Sheet

## Governmental Funds

As of June 30, 2022

	General	Taylor Park	Capital Projects	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,330,830	\$ -	\$ -	\$ 5,330,830
Receivables (net of allowance for uncollectibles):				
Taxes receivable	395,150	-	-	395,150
Lease receivable	245,079	-	-	245,079
Other local receivables	182,475	-	-	182,475
Due from other funds	1,367,148	-	-	1,367,148
Due from other governmental units	115,099	-	-	115,099
Prepaid items	31,707	-	-	31,707
Restricted assets:				
Cash and cash equivalents	79,356	73,178	-	152,534
Total assets	<u>\$ 7,746,844</u>	<u>\$ 73,178</u>	<u>\$ -</u>	<u>\$ 7,820,022</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 176,271	\$ -	\$ -	\$ 176,271
Due to other funds	51,932	-	-	51,932
Performance bonds payable	79,356	-	-	79,356
Bank overdraft payable	-	-	19,546	19,546
Unearned revenue	2,155,216	-	-	2,155,216
Total liabilities	<u>\$ 2,462,775</u>	<u>\$ -</u>	<u>\$ 19,546</u>	<u>\$ 2,482,321</u>
<b>DEFERRED INFLOWS</b>				
Unavailable revenue - property taxes	\$ 405,745	\$ -	\$ -	\$ 405,745
Unavailable revenue - leases	243,161	-	-	243,161
Total deferred inflows	<u>\$ 648,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 648,906</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	\$ 31,707	\$ -	\$ -	\$ 31,707
Leases	1,918	-	-	1,918
Restricted:				
Taylor Park fund	-	73,178	-	73,178
Unassigned (deficit)	4,601,538	-	(19,546)	4,581,992
Total fund balances (deficit)	<u>\$ 4,635,163</u>	<u>\$ 73,178</u>	<u>\$ (19,546)</u>	<u>\$ 4,688,795</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 7,746,844</u>	<u>\$ 73,178</u>	<u>\$ -</u>	<u>\$ 7,820,022</u>

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

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

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	4,688,795
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			7,444,341
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue related to property taxes			53,963
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Deferred charge on refunding	\$	7,390	
Pension related items		507,573	
OPEB related items		196,479	711,442
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligations bonds	\$	(455,900)	
Accrued interest payable on long-term debt		(4,103)	
Lease liabilities		(291,437)	
Net pension liability		(661,216)	
Net OPEB liabilities		(591,869)	
Compensated absences		(145,574)	(2,150,099)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(970,531)	
OPEB related items		(177,400)	(1,147,931)
Net position of governmental activities		\$	<u>9,600,511</u>

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

## Statement of Revenues, Expenditures, and Changes in Fund Balances

## Governmental Funds

For the Year Ended June 30, 2022

	General	Taylor Park	Capital Projects	Total
<b>REVENUES</b>				
General property taxes	\$ 888,713	\$ -	\$ -	\$ 888,713
Other local taxes	2,570,637	-	-	2,570,637
Permits, privilege fees, and regulatory licenses	1,875	-	-	1,875
Fines and forfeitures	102,013	-	-	102,013
Revenue from the use of money and property	24,180	16	-	24,196
Charges for services	181,116	-	-	181,116
Miscellaneous	67,211	-	43,924	111,135
Recovered costs	24,616	-	-	24,616
Revenue from internal sources	353,783	-	-	353,783
Intergovernmental:				
Local government	17,280	-	-	17,280
Commonwealth	1,413,524	-	4,500	1,418,024
Total revenues	\$ 5,644,948	\$ 16	\$ 48,424	\$ 5,693,388
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 879,460	\$ -	\$ -	\$ 879,460
Public safety	1,677,178	-	-	1,677,178
Public works	1,649,971	-	-	1,649,971
Parks, recreation, and cultural	31,865	-	-	31,865
Community development	147,684	-	-	147,684
Nondepartmental	259,126	-	-	259,126
Capital outlay	496,849	-	61,910	558,759
Debt service:				
Principal retirement	148,050	-	-	148,050
Interest and other fiscal charges	10,864	-	-	10,864
Total expenditures	\$ 5,301,047	\$ -	\$ 61,910	\$ 5,362,957
Excess (deficiency) of revenues over (under) expenditures	\$ 343,901	\$ 16	\$ (13,486)	\$ 330,431
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 41,921	\$ 41,921
Transfers out	(41,921)	-	-	(41,921)
Total other financing sources (uses)	\$ (41,921)	\$ -	\$ 41,921	\$ -
Net change in fund balances	\$ 301,980	\$ 16	\$ 28,435	\$ 330,431
Fund balances - beginning (deficit), as restated	4,333,183	73,162	(47,981)	4,358,364
Fund balances - ending (deficit)	\$ 4,635,163	\$ 73,178	\$ (19,546)	\$ 4,688,795

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

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

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

Net change in fund balances - total governmental funds	\$	330,431
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Details supporting this adjustment are as follows:

Capital outlay	\$	442,389	
Depreciation expense		<u>(594,077)</u>	(151,688)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(15,500)
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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. Details supporting this adjustment are as follows:

Principal retired on general obligation bonds	148,050	
Principal retired on lease liabilities	<u>48,503</u>	196,553

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 accrued interest payable	\$	993	
Change in compensated absences		29,949	
Change in pension related items		406,943	
Change in OPEB related items		(22,429)	
Amortization of deferred charge on refunding		<u>(5,688)</u>	<u>409,768</u>

Change in net position of governmental activities	\$	<u><u>769,564</u></u>
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The notes to financial statements are an integral part of this statement.

Statement of Net Position  
Proprietary Funds  
As of June 30, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 2,032,625	\$ -	\$ 2,032,625
Accounts receivable (net of allowances for uncollectibles)	189,854	237,596	427,450
Restricted assets:			
Cash and cash equivalents	97,800	-	97,800
Due from other funds	-	51,932	51,932
Due from other governmental units	-	8,519	8,519
Prepaid items	3,336	8,075	11,411
Total current assets	\$ 2,323,615	\$ 306,122	\$ 2,629,737
Noncurrent assets:			
Capital assets (net of accumulated depreciation):			
Land	\$ 160,251	\$ 88,041	\$ 248,292
Waste water treatment plant	-	18,847,307	18,847,307
Buildings	416,086	1,326,379	1,742,465
Equipment and improvements	1,503,321	1,073,662	2,576,983
Water storage facility	2,236,010	-	2,236,010
Construction in progress	273,444	-	273,444
Total capital assets, net	\$ 4,589,112	\$ 21,335,389	\$ 25,924,501
Total assets	\$ 6,912,727	\$ 21,641,511	\$ 28,554,238
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	\$ 75,831	\$ 94,264	\$ 170,095
OPEB related items	7,290	7,298	14,588
Total deferred outflows of resources	\$ 83,121	\$ 101,562	\$ 184,683
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 11,373	\$ 13,177	\$ 24,550
Accrued interest payable	15,497	3,579	19,076
Bank overdraft payable	-	1,113,898	1,113,898
Customer deposits held	97,800	-	97,800
Compensated absences, current portion	2,349	3,447	5,796
Bonds payable, current portion	128,400	781,504	909,904
Total current liabilities	\$ 255,419	\$ 1,915,605	\$ 2,171,024
Noncurrent liabilities:			
Due to other funds	\$ 1,367,148	\$ -	\$ 1,367,148
Net pension liability	151,020	537,358	688,378
Net OPEB liabilities	43,050	38,742	81,792
Compensated absences, net of current portion	21,143	31,020	52,163
Bonds payable, net of current portion	1,178,000	8,395,305	9,573,305
Total noncurrent liabilities	\$ 2,760,361	\$ 9,002,425	\$ 11,762,786
Total liabilities	\$ 3,015,780	\$ 10,918,030	\$ 13,933,810
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	\$ 144,996	\$ 180,241	\$ 325,237
OPEB related items	14,379	14,445	28,824
Total deferred inflows of resources	\$ 159,375	\$ 194,686	\$ 354,061
<b>NET POSITION</b>			
Net investment in capital assets	\$ 3,282,712	\$ 12,158,580	\$ 15,441,292
Unrestricted (deficit)	537,981	(1,528,223)	(990,242)
Total net position	\$ 3,820,693	\$ 10,630,357	\$ 14,451,050

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



## Statement of Revenues, Expenses, and Changes in Net Position

## Proprietary Funds

For the Year Ended June 30, 2022

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services:			
Charges for services and connection fees	\$ 1,407,361	\$ 1,776,346	\$ 3,183,707
Miscellaneous	42,408	164,678	207,086
Total operating revenues	\$ 1,449,769	\$ 1,941,024	\$ 3,390,793
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 344,922	\$ 402,866	\$ 747,788
Fringe benefits	148,762	522,557	671,319
Contractual services/maintenance	93,039	269,527	362,566
Materials and supplies	330,996	273,554	604,550
Utilities	139,256	130,293	269,549
Internal services	191,927	161,856	353,783
Other charges	156	563	719
Depreciation	259,855	645,992	905,847
Total operating expenses	\$ 1,508,913	\$ 2,407,208	\$ 3,916,121
Operating income (loss)	\$ (59,144)	\$ (466,184)	\$ (525,328)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest earned	\$ 410	\$ -	\$ 410
Interest and fiscal charges	(38,524)	(8,611)	(47,135)
Total nonoperating revenues (expenses)	\$ (38,114)	\$ (8,611)	\$ (46,725)
Income (loss) before capital contributions and grants	\$ (97,258)	\$ (474,795)	\$ (572,053)
Capital contributions and grants	\$ 307,814	\$ 392,277	\$ 700,091
Change in net position	\$ 210,556	\$ (82,518)	\$ 128,038
Net position - beginning	3,610,137	10,712,875	14,323,012
Net position - ending	\$ 3,820,693	\$ 10,630,357	\$ 14,451,050

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

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

	Enterprise Funds		
	Water Fund	Sewer Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 2,679,037	\$ 2,130,516	\$ 4,809,553
Payments to suppliers	(768,170)	(714,139)	(1,482,309)
Payments to and on behalf of employees	(519,543)	(559,856)	(1,079,399)
Net cash provided by (used for) operating activities	\$ 1,391,324	\$ 856,521	\$ 2,247,845
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Net transfers to/from other funds	\$ 307,148	\$ (229,932)	\$ 77,216
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	\$ (258,444)	\$ (229,932)	\$ (488,376)
Capital contributions	307,814	392,277	700,091
Principal payments on bonds	(127,800)	(779,455)	(907,255)
Interest payments	(39,870)	(9,479)	(49,349)
Net cash provided by (used for) capital and related financing activities	\$ (118,300)	\$ (626,589)	\$ (744,889)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	\$ 410	\$ -	\$ 410
Net increase (decrease) in cash and cash equivalents	\$ 1,580,582	\$ -	\$ 1,580,582
Cash and cash equivalents - beginning (including restricted)	856,991	-	856,991
Cash and cash equivalents - ending (including restricted)	\$ 2,437,573	\$ -	\$ 2,437,573
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (59,144)	\$ (466,184)	\$ (525,328)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	259,855	645,992	905,847
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in receivables	22,120	11,492	33,612
(Increase) decrease in due from other governmental units	-	5,666	5,666
(Increase) decrease in prepaid items	(518)	(904)	(1,422)
(Increase) decrease in deferred outflows of resources	26,094	13,383	39,477
Increase (decrease) in accounts payable and accrued expenses	(12,278)	(7,333)	(19,611)
Increase (decrease) in bank overdraft payable	-	124,225	124,225
Increase (decrease) in due to other funds	1,207,148	178,000	1,385,148
Increase (decrease) in net pension liability	(197,197)	168,801	(28,396)
Increase (decrease) in net OPEB liabilities	(10,934)	(10,414)	(21,348)
Increase (decrease) in compensated absences	(134)	2,185	2,051
Increase (decrease) in deferred inflows of resources	156,312	191,612	347,924
Net cash provided by (used for) operating activities	\$ 1,391,324	\$ 856,521	\$ 2,247,845

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

## TOWN OF ORANGE, VIRGINIA

Notes to Financial Statements  
As of June 30, 2022

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### NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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#### A. Financial Reporting Entity

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

##### Individual Component Unit Disclosures

The Town has one component unit - the Town of Orange Economic Development Authority (EDA). The EDA was created to encourage and provide financing for economic development in the Town. The EDA's directors are appointed by the Town Council and the Town is financially accountable for the EDA in that it provides local funding for the EDA's activities. It is authorized to acquire, own, lease, and dispose of properties to the extent that such activities foster and stimulate economic development. The EDA is presented as a proprietary fund type and does not issue separate financial statements.

##### Related Organizations

The Town has no related organizations.

##### Jointly Governed Organizations

The Town has no jointly governed organizations.

#### B. Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. 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 services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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**B. Government-wide and Fund Financial Statements: (Continued)**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

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

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

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

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

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

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

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

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

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

1. Governmental Funds account for the expendable financial resources, other than those accounted for in Proprietary and Trust Funds. The Governmental Fund measurement focus is on determination of financial position and changes in financial position, rather than upon net income determination. The individual Governmental Funds are:

- a. General Fund

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

- b. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

- c. Special Revenue Funds

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Currently, the Taylor Park Fund is accounted for as a special revenue fund. The Taylor Park Fund is considered a major fund.

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

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

2. Proprietary Funds account for activities similar to those found in the private business sector. The measurement focus is upon determination of net income. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges. Currently the Town's Water and Sewer Funds are accounted for as enterprise funds.

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 funds are charges to customers for sales and services. The enterprise funds also recognize 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 and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Budgets and Budgetary Accounting**

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

1. Prior to March 30, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Town Council.
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) except that enterprise fund budgets are adopted on the modified accrual basis of accounting.

## TOWN OF ORANGE, VIRGINIA

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

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

#### D. Budgets and Budgetary Accounting: (Continued)

7. Appropriations lapse on June 30 for all Town units.
8. All budgetary data presented in the accompanying financial statements is as amended and approved by Town Council.
9. 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.

Excess expenditures over appropriations:

Fund	Excess of Expenditures Over Appropriations
General	
Administration	\$ 62,930
Public Safety	57,487
Parks, Recreation, and Cultural	4,865
Community Development	15,117
Nondepartmental	45,499
Capital Projects	61,910
Total	\$ 247,808

#### E. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. As of June 30, 2022, the allowances amounted to \$19,073 for property taxes, \$85,539 for water charges and \$122,348 for sewer charges.

#### F. Cash and Cash Equivalents

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



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

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**G. Restricted Assets**

Funds for Taylor Park and customer deposits are classified as restricted assets on the Balance Sheet and Statement of Net Position because their uses are limited to specific purposes.

**H. Leases**

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

*Lessee*

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

*Lessor*

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

*Key Estimates and Judgments*

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

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

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 (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.



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

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I. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant and equipment, infrastructure, and road systems. They 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 land, buildings, infrastructure, vehicles, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not included in the capital assets of the government-wide statements or capitalized in the proprietary funds.

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

Amortization for lease assets is discussed in the previous Leases section of Note 1. Depreciation for all other capital assets is computed over the following useful lives using the straight-line method.

Buildings	50 Years
Utility Plant & Lines	50 Years
Automobiles	5-7 Years
Equipment	7-10 Years
Infrastructure	75 Years

J. 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 multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other two items are comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

## TOWN OF ORANGE, VIRGINIA

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

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

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#### J. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has multiple 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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

#### K. Compensated Absences

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

#### L. Long-term Obligations

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

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

#### M. Property Taxes

Real property is assessed by Orange County, Virginia at its value on January 1 and is payable semi-annually on December 5th and June 5th. Personal property taxes are assessed by Orange County, Virginia as of January 1 and are payable on December 5th. Taxes attach as an enforceable lien as of the date assessed. The Town bills and collects its own property taxes based on the assessed values provided by the County.

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

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**N. Use of Estimates**

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

**O. Prepaid Items**

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

**P. Net Position**

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

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

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.

**Q. Investments**

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

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

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**R. Fund Balance**

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

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally 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 a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

In the general fund, the Town strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 20% of the actual GAAP basis expenditures and other financing sources and uses.

## TOWN OF ORANGE, VIRGINIA

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

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

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#### S. Pensions

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

#### T. Other Postemployment Benefits (OPEB)

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

#### U. Upcoming Pronouncements

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

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

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

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

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

## TOWN OF ORANGE, VIRGINIA

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

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

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#### V. Adoption of Accounting Principles

The Town implemented provisions of GASB Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position or fund balance was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized related to the leases as of July 1, 2021:

	<u>General Fund</u>	<u>Governmental Activities</u>
Lessor activity:		
Lease receivable	\$ 254,740	\$ 254,740
Deferred revenue-leases	\$ 254,740	\$ 254,740
Lessee activity:		
Lease assets	\$ -	\$ 339,940
Lease liabilities	\$ -	\$ 339,940

### NOTE 2—DEPOSITS AND INVESTMENTS:

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#### Deposits:

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

## TOWN OF ORANGE, VIRGINIA

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

### NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

#### Investments:

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

#### Custodial Credit Risk (Investments):

The Town does not have an investment policy.

The Town’s investments at June 30, 2022 were held by the Town or in the Town’s name by the Town’s custodial banks.

Town's Rated Debt Investments			
Rated Debt Investments Value	Fair Quality Ratings		
	AAAm	AA+f/S1	
Local Government Investment Pool	\$ 9,143	\$ -	
VACO/VML Virginia Investment Pool	871,592	656,700	
Total	\$ 880,735	\$ 656,700	

#### Interest Rate Risk:

The Town reports investments and the maturities as follows:

Investment Type	Investment Maturity*		
	Value	Less than 1	1-5 Years
Local Government Investment Pool	\$ 9,143	\$ 9,143	\$ -
VACO/VML Virginia Investment Pool	1,528,292	871,592	656,700
Total investments	\$ 1,537,435	\$ 880,735	\$ 656,700

\* Weighted average maturity in years.



TOWN OF ORANGE, VIRGINIA

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

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NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

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External Investment Pool:

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

Redemption Restrictions:

VACO/VML Virginia Investment Pool (VIP) allows the Town to withdraw funds twice a month, with a five-day notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources and one-time events such as disasters, immediate capital needs, state budget cuts, etc.

Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Town has measured fair value of its VIP investment at the net asset value.

NOTE 3—DUE FROM OTHER GOVERNMENTS:

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Commonwealth of Virginia:	
Communications tax	\$ 20,195
Auto rental tax	527
Nutrient exchange	8,519
County of Orange:	
Local Sales Tax	94,377
Total	\$ 123,618

NOTE 4—LEASE RECEIVABLE:

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The Town leases land for a cell tower to a third party, Cellco Partnership dba Verizon Wireless. The original lease, which took affect July 1, 2018, is for five years, and the lease can be extended for four additional terms of five years. The discount rate for the lease is 2.07%. The lease and interest receivables were \$245,079 and \$423, respectively, at June 30, 2022, and the deferred inflow at that date was \$243,161. Lease revenue and lease interest revenue were \$9,662 and \$5,161, respectively, for the year ended June 30, 2022.



# TOWN OF ORANGE, VIRGINIA

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

### NOTE 5—CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Adjustments for GASB 87	Additions	Retirements	Balance June 30, 2022
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 1,147,466	\$ -	\$ -	\$ -	\$ 1,147,466
Construction in progress	-	-	156,601	-	156,601
Total capital assets, not being depreciated	\$ 1,147,466	\$ -	\$ 156,601	\$ -	\$ 1,304,067
Capital assets, being depreciated:					
Buildings	\$ 3,125,805	\$ -	\$ -	\$ -	\$ 3,125,805
Lease assets	-	339,940	-	-	339,940
Equipment and improvements	3,551,383	-	235,675	-	3,787,058
Road systems	7,226,851	-	50,113	-	7,276,964
Total capital assets being depreciated	\$ 13,904,039	\$ 339,940	\$ 285,788	\$ -	\$ 14,529,767
Less accumulated depreciation for:					
Buildings	\$ (1,345,590)	\$ -	\$ (80,215)	\$ -	\$ (1,425,805)
Lease assets	-	-	(52,063)	-	(52,063)
Equipment and improvements	(3,311,354)	-	(115,108)	-	(3,426,462)
Road systems	(3,138,472)	-	(346,691)	-	(3,485,163)
Total accumulated depreciation	\$ (7,795,416)	\$ -	\$ (594,077)	\$ -	\$ (8,389,493)
Total capital assets, being depreciated, net	\$ 6,108,623	\$ 339,940	\$ (308,289)	\$ -	\$ 6,140,274
Governmental activities capital assets, net	\$ 7,256,089	\$ 339,940	\$ (151,688)	\$ -	\$ 7,444,341

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 5—CAPITAL ASSETS: (CONTINUED)**

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 248,292	\$ -	\$ -	\$ 248,292
Construction in progress	15,000	258,444	-	273,444
Total capital assets, not being depreciated	\$ 263,292	\$ 258,444	\$ -	\$ 521,736
Capital assets, being depreciated:				
Buildings	\$ 4,431,352	\$ -	\$ -	\$ 4,431,352
Wastewater treatment plant	24,163,214	-	-	24,163,214
Equipment and improvements	11,063,588	229,932	-	11,293,520
Water storage facility	3,807,196	-	-	3,807,196
Total capital assets being depreciated	\$ 43,465,350	\$ 229,932	\$ -	\$ 43,695,282
Less accumulated depreciation for:				
Buildings	\$ (2,600,013)	\$ (88,874)	\$ -	\$ (2,688,887)
Wastewater treatment plant	(4,832,643)	(483,264)	-	(5,315,907)
Equipment and improvements	(8,478,009)	(238,529)	-	(8,716,538)
Water storage facility	(1,476,006)	(95,180)	-	(1,571,186)
Total accumulated depreciation	\$ (17,386,671)	\$ (905,847)	\$ -	\$ (18,292,518)
Total capital assets, being depreciated, net	\$ 26,078,679	\$ (675,915)	\$ -	\$ 25,402,764
Business-type activities capital assets, net	\$ 26,341,971	\$ (417,471)	\$ -	\$ 25,924,500

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

Governmental activities:	
General government administration	\$ 148,483
Public safety	93,974
Public works	348,326
Parks, recreation and cultural	3,294
Total depreciation expense - governmental activities	\$ 594,077
Business-type activities:	
Water	\$ 259,855
Sewer	645,992
Total depreciation expense - business-type activities	\$ 905,847

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 6—LONG-TERM OBLIGATIONS:**

Governmental Activities:

Changes in Long-term Obligations:

The following is a summary of long-term obligation transactions of the Town for the year ended June 30, 2022:

	Balance July 1, 2021	Adjustments for GASB 87	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022
Net Pension Liability (Note 7)	\$ 2,161,075	\$ -	\$ 809,257	\$ 2,309,116	\$ 661,216
Net OPEB Liabilities (Note 11)	646,405	-	308,148	362,684	591,869
Compensated Absences (Note 6)	175,523	-	-	29,949	145,574
Lease Liabilities	-	339,940	-	48,503	291,437
Direct borrowings and direct placements:					
General Obligation Bonds	603,950	-	-	148,050	455,900
Total	\$ 3,586,953	\$ 339,940	\$ 1,117,405	\$ 2,898,302	\$ 2,145,996

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

Year Ending June 30,	Direct Borrowings and Direct Placements		Leases	
	Bonds			
	Principal	Interest	Principal	Interest
2023	\$ 150,400	\$ 4,984	\$ 48,950	\$ 2,688
2024	150,400	4,721	52,455	2,182
2025	155,100	1,590	47,988	1,672
2026	-	-	46,796	1,204
2027	-	-	47,266	734
2028	-	-	47,982	260
Total	\$ 455,900	\$ 11,295	\$ 291,437	\$ 8,740

TOWN OF ORANGE, VIRGINIA

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

NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)

Governmental Activities: (Continued)

Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Direct Borrowings and Direct Placements:</u>		
\$1,445,250 General obligation bonds issued July 22, 2013 payable in annual principal payments beginning August 1, 2014 ranging from \$18,800 to \$155,100 and semi-annual interest payments at 2.05%. Final payment due August 1, 2024.	\$ 455,900	\$ 150,400
<u>Leases:</u>		
Lease agreement for the use of copiers entered into on October 4, 2019. The lease agreement is for 60 payments of \$553 through September 1, 2024. A discount rate of 1.00% was used for this lease.	\$ 14,762	\$ 6,520
Lease agreement for the use of 249 Blue Ridge Drive entered into on June 27, 2018. The lease agreement is for 60 payments of \$3,750 through June 1, 2023 with an option to extend the term for an additional 60 payments of \$4,000. A discount rate of 1.00% was used for this lease.	276,675	42,430
Total leases	\$ 291,437	\$ 48,950
Net pension liability (Note 7)	\$ 661,216	\$ -
Compensated absences (Note 6)	145,574	14,557
Net OPEB liabilities (Note 11)	591,869	-
Total governmental activities long-term obligations	\$ 2,145,996	\$ 213,907

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 6—LONG-TERM OBLIGATIONS: (CONTINUED)**

Business-type Activities:

Changes in Long-term Obligations:

	<u>Balance July 1, 2021</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2022</u>
Net Pension Liability (Note 7)	\$ 716,774	\$ 737,989	\$ 766,385	\$ 688,378
Net OPEB Liabilities (Note 11)	103,140	19,851	41,199	81,792
Compensated Absences (Note 6)	55,908	2,051	-	57,959
Direct borrowings and direct placements:				
General Obligation Bonds	1,961,050	-	256,950	1,704,100
Revenue Bonds	9,429,414	-	650,305	8,779,109
Total	<u>\$ 12,266,286</u>	<u>\$ 759,891</u>	<u>\$ 1,714,839</u>	<u>\$ 11,311,338</u>

Annual requirements to amortize the Town's enterprise indebtedness and related interest are as follows:

<u>Year Ending June 30,</u>	<u>Direct Borrowings and Direct Placements</u>	
	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 909,904	\$ 40,062
2024	909,904	37,110
2025	915,204	30,924
2026	750,304	26,403
2027	750,304	23,453
2028-2032	3,791,522	71,464
2033-2036	2,456,067	5,310
Total	<u>\$ 10,483,209</u>	<u>\$ 234,726</u>

TOWN OF ORANGE, VIRGINIA

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

NOTE 6—LONG TERM OBLIGATIONS: (CONTINUED)

Business-type Activities: (Continued)

Details of Long-term Obligations:

	<u>Total Amount</u>	<u>Amount Due Within One Year</u>
<u>Direct Borrowings and Direct Placements:</u>		
<u>Bonds Payable:</u>		
\$16,177,744 Revenue bonds, Series 2008 issued May 1, 2008 payable in semi-annual principal payments of \$325,152 beginning May 1, 2011. Interest at 0.0%. Final payment due December 2035.	\$ 8,779,109	\$ 650,304
\$1,629,750 General obligation bonds issued July 22, 2013 payable in annual principal payments beginning August 1, 2014 ranging from \$21,200 to \$174,900 and semi-annual interest payments at 2.05%. Final payment due August 1, 2024.	397,700	131,200
\$1,845,000 General obligation bonds issued July 22, 2013 payable in semi-annual principal payments beginning February 1, 2014 ranging from \$35,000 to \$60,000 and semi-annual interest payments at 2.95%. Final payment due August 1, 2033.	<u>1,306,400</u>	<u>128,400</u>
Total bonds payable	\$ <u>10,483,209</u>	\$ <u>909,904</u>
Net pension liability (Note 7)	\$ 688,378	\$ -
Compensated absences (Note 6)	57,959	5,796
Net OPEB liabilities (Note 11)	<u>81,792</u>	<u>-</u>
Total business-type activities long-term obligations	<u><u>\$ 11,311,338</u></u>	<u><u>\$ 915,700</u></u>

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 7—COMPENSATED ABSENCES:

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The Town has accrued liabilities arising from compensated absences.

Town employees earn annual leave at various rates. No benefits or pay is received for unused sick leave upon termination. Accumulated vacation and banked holidays are paid upon termination up to a maximum of 240 hours. The Town's general fund has outstanding accrued leave pay totaling \$145,574 and the Enterprise Funds have outstanding accrued leave pay of \$57,959.

### NOTE 8—PENSION PLAN:

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#### *Plan Description*

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

#### *Benefit Structures*

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, who have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 8—PENSION PLAN: (CONTINUED)

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#### ***Benefit Structures: (Continued)***

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

#### ***Average Final Compensation and Service Retirement Multiplier***

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

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

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



## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 8—PENSION PLAN: (CONTINUED)

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#### *Employees Covered by Benefit Terms*

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	43
Inactive members:	
Vested inactive members	24
Non-vested inactive members	27
Inactive members active elsewhere in VRS	<u>47</u>
Total inactive members	98
Active members	<u>48</u>
Total covered employees	<u><u>189</u></u>

#### *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, 2022 was 16.84% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$401,574 and \$399,375 for the years ended June 30, 2022 and June 30, 2021, respectively.

#### *Net Pension Liability*

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

TOWN OF ORANGE, VIRGINIA

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

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NOTE 8—PENSION PLAN: (CONTINUED)

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*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 8—PENSION PLAN: (CONTINUED)

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#### *Actuarial Assumptions - General Employees: (Continued)*

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

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

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

#### *Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits*

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

##### 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

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 8—PENSION PLAN: (CONTINUED)

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

Mortality rates: (Continued)

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non Largest 10) - 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 ORANGE, VIRGINIA

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

## NOTE 8—PENSION PLAN: (CONTINUED)

### *Long-Term Expected Rate of Return*

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

\* The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

TOWN OF ORANGE, VIRGINIA

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

NOTE 8—PENSION PLAN: (CONTINUED)

*Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	\$ 11,176,871	\$ 8,299,022	\$ 2,877,849
Changes for the year:			
Service cost	\$ 332,700	\$ -	\$ 332,700
Interest	742,321	-	742,321
Changes in assumptions	466,795	-	466,795
Differences between expected and actual experience	(250,083)	-	(250,083)
Contributions - employer	-	399,012	(399,012)
Contributions - employee	-	118,164	(118,164)
Net investment income	-	2,308,021	(2,308,021)
Benefit payments, including refunds of employee contributions	(359,036)	(359,036)	-
Administrative expenses	-	(5,430)	5,430
Other changes	-	221	(221)
Net changes	\$ 932,697	\$ 2,460,952	\$ (1,528,255)
Balances at June 30, 2021	\$ 12,109,568	\$ 10,759,974	\$ 1,349,594

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 8—PENSION PLAN: (CONTINUED)**

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

The following presents the net pension liability of the Town using the discount rate of 6.75%, as well as what the Town's net pension 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability	\$	3,101,375	\$	1,349,594
				\$ (80,674)

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

For the year ended June 30, 2022, the Town recognized pension expense of \$329,955. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$	17,690	\$	138,439
Changes in assumptions		258,404		-
Net difference between projected and actual earnings on pension plan investments		-		1,157,329
Employer contributions subsequent to the measurement date		401,574		-
Total	\$	677,668	\$	1,295,768

\$401,574 reported as deferred outflows of resources related to pensions resulting from the Town's contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	Year ended June 30	
2023	\$	(157,721)
2024		(243,297)
2025		(270,120)
2026		(348,536)

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 8—PENSION PLAN: (CONTINUED)

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#### *Pension Plan Data*

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

### NOTE 9—UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

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

Unearned revenue - Unearned revenue consists of American Rescue Plan Act funds which have been received but are not considered earned because they have not yet been used for qualifying expenditures. At June 30, 2022 unearned revenue totaled \$2,155,216.

Unavailable property tax revenue - Unavailable revenue representing uncollected tax billings not available for funding of current expenditures totaled \$370,987 (including 2nd ½ tax billings of \$317,024 not due until December 5) at June 30, 2022.

Prepaid property taxes - Property taxes due subsequent to June 30, 2022 but paid in advance by the taxpayers totaled \$34,758 at June 30, 2022.

Leases - Lease revenue for a lease which is in effect, but which is unavailable because the time criteria has not yet been met, totaled \$243,161 at June 30, 2022.

### NOTE 10—INTERFUND LOANS AND TRANSFERS:

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During a prior fiscal year, the General Fund loaned \$160,000 to the Water & Sewer Capital Improvements Fund to assist in funding on-going capital projects. This fund has since been merged into the Water Fund. The loan was still outstanding at year-end and it is the Town's intent that the loan be repaid in the future.

During the fiscal year ended June 30, 2022, the General Fund provided cash to the Water Fund and the Sewer Fund with the intention that those funds use the money for projects covered by the American Rescue Plan. As the funds are spent, the Water Fund and Sewer Fund will recognize grant revenue, and the amount due to the General Fund will decrease. As a result of these transaction, at June 30, 2022, the Water Fund owed the General Fund \$1,207,148 and the General Fund owed the Sewer Fund \$51,932.

During the fiscal year ended June 30, 2022 the General Fund transferred \$41,921 to the Capital Projects Fund to provide funds for capital outlays.



TOWN OF ORANGE, VIRGINIA

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

NOTE 11—RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the association for its workers’ compensation insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion 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, including general liability and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Health Insurance - Pay-As-You-Go:

Plan Description

In addition to the pension benefits described in Note 8, the Town administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Town’s pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Participants who are eligible to retire from VRS pension plan are allowed access to the plan until they reach age 65. Retirees pay the blended (employees and retirees) published rate, however as they are older than the typical employee (and thus more expensive) there is a cost to this right to purchase insurance at the blended rate. VRS retirement eligibility is age 50 with 10 years of service or age 55 with 5 years of service for employees hired prior to July 1, 2010 who were vested in the plan prior to July 1, 2013. VRS retirement eligibility is the earlier of age 60 with 5 years of service or 90 combined age and service points for other employees.

Plan Membership

At July 1, 2022 (the valuation date) the following employees were covered by the benefit terms:

Total active employees with coverage	<u>43</u>
Total	<u><u>43</u></u>

Contributions

The Town does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Town. The amount paid by the Town for OPEB as the benefits came due during the year ended June 30, 2022 was \$0.

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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#### Health Insurance - Pay-As-You-Go: (Continued)

##### Total OPEB Liability

The Town's total OPEB liability was measured as of June 30, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022.

##### Actuarial Assumptions

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2022
Salary Increases	The salary increase rate starts at 5.35% salary increase (4.75% for law enforcement) for one year of service and gradually declines to 3.50% salary increase for twenty or more years of service.
Discount Rate	3.69% as of June 30, 2022

Mortality rates were based on the PUB-2010 headcounts with generational mortality improvements using scale MP-2021.

The date of the most recent actuarial experience study on which significant assumptions were based is September 10, 2021.

##### Discount Rate

The discount rate used to determine the liabilities under GASB 75 is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. This rate was 3.69% as of June 30, 2022.

##### Changes in Total OPEB Liability

		<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$	<u>214,978</u>
Changes for the year:		
Service cost	\$	17,642
Interest		4,119
Difference between expected and actual experience		(41,538)
Changes in assumptions		(14,137)
Net changes	\$	<u>(33,914)</u>
Balances at June 30, 2022	\$	<u><u>181,064</u></u>

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)**

**Health Insurance - Pay-As-You-Go: (Continued)**

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

The following amounts present the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

Rate		
1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
\$ 197,999	\$ 181,064	\$ 165,581

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

The following presents the total OPEB liability of the Town, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

Rates		
1% Decrease (2.94%)	Current Trend Rate (3.94%)	1% Increase (4.94%)
\$ 161,154	\$ 181,064	\$ 203,864

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

For the year ended June 30, 2022, the Town recognized OPEB expense in the amount of \$14,519. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,041	\$ 35,008
Changes in assumptions	9,420	18,263
Total	<u>\$ 17,461</u>	<u>\$ 53,271</u>

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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#### Health Insurance - Pay-As-You-Go: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (7,242)
2024	(7,242)
2025	(7,240)
2026	(5,902)
2027	(8,184)
Thereafter	-

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

#### Group Life Insurance (GLI) 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.

**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)**

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**Group Life Insurance (GLI) Plan: (Continued)**

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$13,052 and \$13,066 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the entity reported a liability of \$136,453 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.01172% as compared to 0.01118% at June 30, 2020.

TOWN OF ORANGE, VIRGINIA

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan: (Continued)

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

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of \$3,917. 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, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,563	\$ 1,040
Net difference between projected and actual earnings on GLI OPEB plan investments	-	32,568
Change in assumptions	7,523	18,670
Changes in proportionate share	7,975	11,085
Employer contributions subsequent to the measurement date	<u>13,052</u>	<u>-</u>
Total	<u>\$ 44,113</u>	<u>\$ 63,363</u>

\$13,052 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (8,395)
2024	(6,386)
2025	(6,263)
2026	(10,396)
2027	(862)
Thereafter	-

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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#### Group Life Insurance (GLI) Plan: (Continued)

##### *Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

##### Pre-Retirement:

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

##### Post-Retirement:

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

##### Post-Disablement:

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

##### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

##### Mortality Improvement Scale:

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

## TOWN OF ORANGE, VIRGINIA

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

### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

#### Group Life Insurance (GLI) Plan: (Continued)

##### *Actuarial Assumptions: (Continued)*

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

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

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

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

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

###### Beneficiaries and Survivors:

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

###### Mortality Improvement Scale:

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



## TOWN OF ORANGE, VIRGINIA

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

### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

#### Group Life Insurance (GLI) Plan: (Continued)

##### *Actuarial Assumptions: (Continued)*

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

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

#### **NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

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

TOWN OF ORANGE, VIRGINIA

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Group Life Insurance (GLI) Plan: (Continued)

**NET GLI OPEB Liability: (Continued)**

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.

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return	7.39%

\*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

## TOWN OF ORANGE, VIRGINIA

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

### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

#### Group Life Insurance (GLI) Plan: (Continued)

##### *Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 199,362	\$ 136,453	\$ 85,651

##### *GLI Program Fiduciary Net Position*

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

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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#### **Line of Duty Act (LODA) Program:**

##### ***Plan Description***

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for the LODA Program OPEB, including eligibility, coverage and benefits is described below:

##### ***Eligible Employees***

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

##### ***Benefit Amounts***

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

##### ***Contributions***

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on

TOWN OF ORANGE, VIRGINIA

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

*Contribution (Continued)*

an actuarially determined rate from an actuarial valuation as of June 30, 2019 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$11,200 and \$11,118 for the years ended June 30, 2022 and June 30, 2021, respectively.

***LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB***

At June 30, 2022, the entity reported a liability of \$356,144 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the entity's proportion was 0.08089% as compared to 0.08039% at June 30, 2020.

For the year ended June 30, 2022, the entity recognized LODA OPEB expense of \$32,651. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,693	\$ 53,923
Net difference between projected and actual earnings on LODA OPEB program investments	-	2,062
Change in assumptions	98,557	17,036
Changes in proportionate share	10,043	16,569
Employer contributions subsequent to the measurement date	11,200	-
Total	<u>\$ 149,493</u>	<u>\$ 89,590</u>

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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#### Line of Duty Act (LODA) Program: (Continued)

#### *LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)*

\$11,200 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>		
2023	\$	8,037
2024		8,132
2025		8,160
2026		8,189
2027		7,612
Thereafter		8,573

#### *Actuarial Assumptions*

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups as noted below. 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 employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2029
Ages 65 and older	Fiscal year ended 2024
Investment rate of return	2.16%, including inflation*

\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

## TOWN OF ORANGE, VIRGINIA

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

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### NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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#### Line of Duty Act (LODA) Program: (Continued)

##### *Actuarial Assumptions: (Continued)*

##### **Mortality Rates - Non-Largest Ten Locality Employers with Public Safety 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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study 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



NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

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Line of Duty Act (LODA) Program: (Continued)

*Net LODA OPEB Liability*

The net OPEB liability (NOL) for the LODA Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	LODA Program
Total LODA OPEB Liability	\$ 448,542
Plan Fiduciary Net Position	7,553
Employers' Net OPEB Liability	<u>\$ 440,989</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.68%

The total LODA 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 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.

*Long-Term Expected Rate of Return*

The long-term expected rate of return on LODA OPEB Program’s investments was set at 2.16% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments 6.75% assumption. Instead, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2021.

*Discount Rate*

The discount rate used to measure the total LODA OPEB liability was 2.16%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.



TOWN OF ORANGE, VIRGINIA

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

NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)

Line of Duty Act (LODA) Program: (Continued)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 2.16%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate		
	1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
Town's proportionate share of the LODA net OPEB liability	\$ 409,697	\$ 356,144	\$ 313,593

***Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate***

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Town's proportionate share of the LODA net OPEB liability	\$ 292,225	\$ 356,144	\$ 438,102

***LODA OPEB Fiduciary Net Position***

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

**TOWN OF ORANGE, VIRGINIA**

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

**NOTE 12—OTHER POSTEMPLOYMENT BENEFITS (OPEB): (CONTINUED)****Summary of Net OPEB Liabilities, Deferred Outflows and Inflows of Resources, and Expenses:**

	<b>Net OPEB Liabilities</b>	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>OPEB Expense</b>
VRS OPEB Plans:				
Group Life Insurance Plan	\$ 136,453	\$ 44,113	\$ 63,363	\$ 3,917
Line of Duty Act Plan	356,144	149,493	89,590	32,651
Health Insurance - Pay-As-You-Go	181,064	17,461	53,271	14,519
Totals	<u>\$ 673,661</u>	<u>\$ 211,067</u>	<u>\$ 206,224</u>	<u>\$ 51,087</u>

**NOTE 13—LITIGATION:**

At June 30, 2022, there were no matters of litigation involving the Town that would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

**NOTE 14—ARPA FUNDING:**

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

On June 25, 2021, the Town received its share of the first half of the CSLFRF funds. The Town received a second tranche in the amount of \$2,643,592 on July 22, 2022. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,155,216 from the initial allocation are reported as unearned revenue as of June 30.

**NOTE 15—RESTATEMENT OF FUND BALANCE AND NET POSITION:**

	<b>General Fund</b>	<b>Governmental Activities</b>
Fund balance/net position at June 30, 2021, as reported	\$ 4,425,292	\$ 8,923,056
Correction of grants receivable	(92,109)	(92,109)
Fund balance/net position at June 30, 2021, as restated	<u>\$ 4,333,183</u>	<u>\$ 8,830,947</u>

### **Required Supplementary Information**

Note to Required Supplementary Information:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.



## Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

## General Fund

For the Year Ended June 30, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
General property taxes	\$ 851,000	\$ 851,000	\$ 888,713	\$ 37,713
Other local taxes/revenues	2,217,300	2,217,300	2,570,637	353,337
Permits, fees, and regulatory licenses	2,600	2,600	1,875	(725)
Fines and forfeitures	80,000	80,000	102,013	22,013
Revenues from use of money and property	20,928	20,928	24,180	3,252
Charges for services	175,512	175,512	181,116	5,604
Miscellaneous	285,223	3,393,915	67,211	(3,326,704)
Recovered costs	20,000	20,000	24,616	4,616
Revenue from internal sources	339,677	339,677	353,783	14,106
Intergovernmental revenues:				
Local government	-	-	17,280	17,280
Commonwealth	2,085,205	2,085,205	1,413,524	(671,681)
Federal	2,000	2,000	-	(2,000)
Total revenues	\$ 6,079,445	\$ 9,188,137	\$ 5,644,948	\$ (3,543,189)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 786,630	\$ 820,030	\$ 879,460	\$ (59,430)
Public safety	1,619,691	1,619,691	1,677,178	(57,487)
Public works	1,791,816	1,875,516	1,649,971	225,545
Parks, recreation, and cultural	27,000	27,000	31,865	(4,865)
Community development	132,567	132,567	147,684	(15,117)
Nondepartmental	213,627	213,627	259,126	(45,499)
Capital projects	1,349,200	2,397,200	496,849	1,900,351
Debt service:				
Principal	148,050	148,050	148,050	-
Interest and finance charges	10,864	10,864	10,864	-
Total expenditures	\$ 6,079,445	\$ 7,244,545	\$ 5,301,047	\$ 1,943,498
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 1,943,592	\$ 343,901	\$ (1,599,691)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (41,921)	\$ (41,921)
Total other financing sources (uses)	\$ -	\$ -	\$ (41,921)	\$ (41,921)
Net change in fund balances	\$ -	\$ 1,943,592	\$ 301,980	\$ (1,641,612)
Fund Balance at Beginning of Year, as restated	-	-	4,333,183	4,333,183
Fund Balance at End of Year	\$ -	\$ 1,943,592	\$ 4,635,163	\$ 2,691,571

**TOWN OF ORANGE, VIRGINIA**

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

	2021	2020	2019	2018
<b>Total pension liability</b>				
Service cost	\$ 332,700	\$ 312,007	\$ 299,300	\$ 281,679
Interest	742,321	686,112	637,545	599,024
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	(250,083)	194,596	151,296	38,568
Changes of assumptions	466,795	-	329,802	-
Benefit payments	(359,036)	(360,922)	(361,313)	(376,607)
<b>Net change in total pension liability</b>	<b>\$ 932,697</b>	<b>\$ 831,793</b>	<b>\$ 1,056,630</b>	<b>\$ 542,664</b>
<b>Total pension liability - beginning</b>	<b>11,176,871</b>	<b>10,345,078</b>	<b>9,288,448</b>	<b>8,745,784</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 12,109,568</b>	<b>\$ 11,176,871</b>	<b>\$ 10,345,078</b>	<b>\$ 9,288,448</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 399,012	\$ 307,660	\$ 308,187	\$ 301,386
Contributions - employee	118,164	127,953	112,670	113,708
Net investment income	2,308,021	155,285	509,593	516,602
Benefit payments	(359,036)	(360,922)	(361,313)	(376,607)
Administrator charges	(5,430)	(5,090)	(4,811)	(4,336)
Other	221	(187)	(321)	(467)
<b>Net change in plan fiduciary net position</b>	<b>\$ 2,460,952</b>	<b>\$ 224,699</b>	<b>\$ 564,005</b>	<b>\$ 550,286</b>
<b>Plan fiduciary net position - beginning</b>	<b>8,299,022</b>	<b>8,074,323</b>	<b>7,510,318</b>	<b>6,960,032</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 10,759,974</b>	<b>\$ 8,299,022</b>	<b>\$ 8,074,323</b>	<b>\$ 7,510,318</b>
<b>Town's net pension liability - ending (a) - (b)</b>	<b>\$ 1,349,594</b>	<b>\$ 2,877,849</b>	<b>\$ 2,270,755</b>	<b>\$ 1,778,130</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>88.86%</b>	<b>74.25%</b>	<b>78.05%</b>	<b>80.86%</b>
<b>Covered payroll</b>	<b>\$ 2,419,701</b>	<b>\$ 2,301,901</b>	<b>\$ 2,293,927</b>	<b>\$ 2,314,522</b>
<b>Town's net pension liability as a percentage of covered payroll</b>	<b>55.78%</b>	<b>125.02%</b>	<b>98.99%</b>	<b>76.82%</b>

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

Exhibit 11

	2017	2016	2015	2014
\$	281,532	\$ 323,066	\$ 319,585	\$ 224,518
	562,059	524,852	458,693	431,065
	-	-	416,043	-
	187,833	46,647	91,586	-
	(149,862)	-	-	-
	(330,387)	(395,687)	(285,864)	(235,941)
\$	551,175	\$ 498,878	\$ 1,000,043	\$ 419,642
	8,194,609	7,695,731	6,695,688	6,276,046
\$	8,745,784	\$ 8,194,609	\$ 7,695,731	\$ 6,695,688
\$	284,672	\$ 256,860	\$ 275,028	\$ 209,608
	109,433	110,576	118,347	125,102
	756,868	105,976	265,333	771,541
	(330,387)	(395,687)	(285,864)	(235,941)
	(4,217)	(3,714)	(3,462)	(4,035)
	(680)	(45)	(56)	41
\$	815,689	\$ 73,966	\$ 369,326	\$ 866,316
	6,144,343	6,070,377	5,701,051	4,834,735
\$	6,960,032	\$ 6,144,343	\$ 6,070,377	\$ 5,701,051
\$	1,785,752	\$ 2,050,266	\$ 1,625,354	\$ 994,637
	79.58%	74.98%	78.88%	85.15%
\$	2,180,643	\$ 2,205,029	\$ 2,344,581	\$ 2,330,120
	81.89%	92.98%	69.32%	42.69%

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

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$ 401,574	\$ 401,574	\$ -	\$ 2,417,119	16.61%
2021	399,375	399,375	-	2,419,701	16.51%
2020	308,344	308,344	-	2,301,901	13.40%
2019	310,630	310,630	-	2,293,927	13.54%
2018	301,386	301,386	-	2,314,522	13.02%
2017	289,371	289,371	-	2,180,643	13.27%
2016	259,091	259,091	-	2,205,029	11.75%
2015	275,488	275,488	-	2,344,581	11.75%
2014	209,711	209,711	-	2,330,120	9.00%
2013	204,222	204,222	-	2,269,129	9.00%

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



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

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

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Schedule of Changes in Total OPEB Liability - Health Insurance  
For the Years Ended June 30, 2018 through June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>					
Service cost	\$ 17,642	\$ 15,723	\$ 11,874	\$ 10,627	\$ 8,877
Interest	4,119	4,574	5,017	4,982	5,366
Differences between expected and actual experience	(41,538)	(549)	14,074	-	-
Changes in assumptions	(14,137)	8,257	(4,279)	7,047	(10,766)
<b>Net change in total OPEB liability</b>	<u>\$ (33,914)</u>	<u>\$ 28,005</u>	<u>\$ 26,686</u>	<u>\$ 22,656</u>	<u>\$ 3,477</u>
<b>Total OPEB liability - beginning</b>	<u>214,978</u>	<u>186,973</u>	<u>160,287</u>	<u>137,631</u>	<u>134,154</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 181,064</u></u>	<u><u>\$ 214,978</u></u>	<u><u>\$ 186,973</u></u>	<u><u>\$ 160,287</u></u>	<u><u>\$ 137,631</u></u>

This schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - OPEB - Health Insurance  
For the Year Ended June 30, 2022

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Valuation Date: July 1, 2022  
Measurement Date: June 30, 2022

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

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Normal, Level Percentage of Pay.
Discount Rate	3.69% as of June 30, 2022.
Inflation	2.50% per year as of June 30, 2022.
Healthcare Trend Rates	The healthcare trend rate assumptions vary by year and range between 3.94% and 6.00%.
Salary Increase Rates	The salary increase rate starts at 5.35% salary increase (4.75% for law enforcement) for one year of service and gradually declines to 3.50% salary increase for twenty or more years of service.
Mortality Rates	The mortality rates were calculated using the Pub-2010 headcounts with generational mortality improvements using scale MP-2021.

Schedule of Town's Share of Net OPEB Liability - Group Life Insurance  
 For the Measurement Dates of June 30, 2017 through June 30, 2021

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (a)/(b)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
2021	0.01172% \$	136,453	\$ 2,419,701	5.64%	67.45%
2020	0.01118%	186,576	2,301,948	8.11%	52.64%
2019	0.01170%	190,390	2,293,927	8.30%	52.00%
2018	0.01223%	186,000	2,324,991	8.00%	51.22%
2017	0.01195%	180,000	2,203,103	8.17%	48.86%

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

Schedule of Employer Contributions - Group Life Insurance  
 For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	\$ 13,052	\$ 13,052	\$ -	\$ 2,417,119	0.54%
2021	13,066	13,066	-	2,419,701	0.54%
2020	11,970	11,970	-	2,301,948	0.52%
2019	11,928	11,928	-	2,293,927	0.52%
2018	12,090	12,090	-	2,324,991	0.52%
2017	11,456	11,456	-	2,203,103	0.52%
2016	10,584	10,584	-	2,205,029	0.48%
2015	11,254	11,254	-	2,344,581	0.48%
2014	11,185	11,185	-	2,330,120	0.48%
2013	10,892	10,892	-	2,269,129	0.48%

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

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

## Schedule of Town's Share of Net OPEB Liability - LODA

For the Measurement Dates of June 30, 2017 through June 30, 2021

<b>Date</b>	<b>Town's Proportion of the Net LODA OPEB Liability</b>	<b>Town's Proportionate Share of the Net LODA OPEB Liability</b>	<b>Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability</b>
2021	0.08080% \$	356,144	1.68%
2020	0.08309%	347,993	1.02%
2019	0.08677%	311,319	0.79%
2018	0.08524%	267,000	0.60%
2017	0.08417%	221,000	1.30%

The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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

Schedule of Employer Contributions - LODA  
 For the Years Ended June 30, 2018 through June 30, 2022

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)
2022	\$ 11,200	\$ 11,200	-
2021	11,118	11,118	-
2020	11,292	11,292	-
2019	11,645	11,645	-
2018	9,078	9,078	-

The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

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



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

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

**Employees in the Non-Largest Ten Locality Employers with Public Safety 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

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## **Other Supplementary Information**

Statement of Net Position - Proprietary Fund  
Discretely Presented Component Unit - Economic Development Authority  
As of June 30, 2022

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	<u>Proprietary Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ <u>3,460</u>
 Total assets	 \$ <u><u>3,460</u></u>
 <b>NET POSITION</b>	
Unrestricted	\$ <u>3,460</u>
 Total net position	 \$ <u><u>3,460</u></u>

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund  
Discretely Presented Component Unit - Economic Development Authority  
For the Year Ended June 30, 2022

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	<u>Proprietary Fund</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Contribution to primary government	\$ <u>(17,280)</u>
Total nonoperating revenues (expenses)	\$ <u>(17,280)</u>
Change in net position	\$ (17,280)
Net position - beginning	<u>20,740</u>
Net position - ending	\$ <u><u>3,460</u></u>

Statement of Cash Flows - Proprietary Fund  
Discretely Presented Component Unit - Economic Development Authority  
For the Year Ended June 30, 2022

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	<b>Proprietary Fund</b>
	<hr/>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Contribution to primary government	\$ <u>(17,280)</u>
Net increase (decrease) in cash and cash equivalents	\$ (17,280)
Cash and cash equivalents - beginning	<u>20,740</u>
Cash and cash equivalents - ending	\$ <u><u>3,460</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>	
Operating income (loss)	\$ <u>-</u>
<b>Net cash provided by (used for) operating activities</b>	\$ <u><u>-</u></u>

## Supporting Schedules

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 635,000	\$ 635,000	\$ 659,283	\$ 24,283
Personal property taxes	185,000	185,000	201,368	16,368
Public service corporation taxes	31,000	31,000	28,062	(2,938)
Total general property taxes	\$ 851,000	\$ 851,000	\$ 888,713	\$ 37,713
Other local taxes/revenues:				
Local sales and use taxes	\$ 275,000	\$ 275,000	\$ 350,017	\$ 75,017
Consumers' utility taxes	231,600	231,600	233,134	1,534
Electric consumption taxes	15,000	15,000	16,384	1,384
Motor vehicle licenses	88,000	88,000	98,012	10,012
Bank franchise taxes	165,000	165,000	148,930	(16,070)
Restaurant food taxes	1,250,000	1,250,000	1,480,589	230,589
Business licenses	200	200	237	37
Transient/occupancy taxes	110,000	110,000	162,334	52,334
Cigarette taxes	82,500	82,500	81,000	(1,500)
Total other local taxes/revenues	\$ 2,217,300	\$ 2,217,300	\$ 2,570,637	\$ 353,337
Permits, fees, and regulatory licenses:				
Planning and development fees	\$ 2,500	\$ 2,500	\$ 1,725	\$ (775)
Construction permits/fees	100	100	150	50
Total permits, fees, and regulatory licenses	\$ 2,600	\$ 2,600	\$ 1,875	\$ (725)
Fines and forfeitures:				
Court fines and forfeitures	\$ 80,000	\$ 80,000	\$ 102,013	\$ 22,013
Revenue from use of money and property:				
Revenue from use of money	\$ 1,500	1,500	\$ 6,531	\$ 5,031
Revenue from use of property	19,428	19,428	17,649	(1,779)
Total revenue from use of money and property	\$ 20,928	\$ 20,928	\$ 24,180	\$ 3,252
Charges for services:				
Refuse collection	\$ 156,000	\$ 156,000	\$ 162,396	\$ 6,396
Transit fees	19,512	19,512	18,720	(792)
Total charges for services	\$ 175,512	\$ 175,512	\$ 181,116	\$ 5,604



Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Revenue from Local Sources: (Continued)				
Miscellaneous:				
Reserve funds	\$ 258,269	\$ 3,366,961	\$ -	\$ (3,366,961)
Administrative fees	2,004	2,004	2,462	458
Proceeds from the sale of surplus property	-	-	15,503	15,503
Proceeds from the sale of recycled material	-	-	1,884	1,884
Revenue refunds	24,400	24,400	45,797	21,397
Miscellaneous	550	550	1,565	1,015
Total miscellaneous	\$ 285,223	\$ 3,393,915	\$ 67,211	\$ (3,326,704)
Recovered costs:				
Expenditure refunds	\$ 20,000	\$ 20,000	\$ 24,616	\$ 4,616
Revenue from internal sources:				
Internal charges	\$ 339,677	\$ 339,677	\$ 353,783	\$ 14,106
Total revenue from local sources	\$ 3,992,240	\$ 7,100,932	\$ 4,214,144	\$ (2,886,788)
Intergovernmental:				
Revenue from local government:				
Contribution from component unit	\$ -	\$ -	\$ 17,280	\$ 17,280
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 6,600	\$ 6,600	\$ 6,535	\$ (65)
Motor vehicle carriers' tax	37,000	37,000	25,986	(11,014)
Skill games fees	3,456	3,456	576	(2,880)
Communications tax	145,000	145,000	129,595	(15,405)
Personal property tax relief funds	89,615	89,615	89,615	-
Total noncategorical aid	\$ 281,671	\$ 281,671	\$ 252,307	\$ (29,364)
Categorical aid:				
State Highway Funds	\$ 984,356	\$ 984,356	\$ 1,001,279	\$ 16,923
VDOT Revenue Sharing	685,000	685,000	19,625	(665,375)
Aid to localities with police departments	114,584	114,584	117,460	2,876
Fire Program Grants	17,094	17,094	19,108	2,014
Litter Control Grant	2,500	2,500	3,745	1,245
Total categorical aid	\$ 1,803,534	\$ 1,803,534	\$ 1,161,217	\$ (642,317)
Total revenue from the Commonwealth	\$ 2,085,205	\$ 2,085,205	\$ 1,413,524	\$ (671,681)
Revenue from the Federal Government:				
Categorical aid:				
Communities Facilities Loans and Grants	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Total categorical aid	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Total revenue from the federal government	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
<b>Total General Fund</b>	<b>\$ 6,079,445</b>	<b>\$ 9,188,137</b>	<b>\$ 5,644,948</b>	<b>\$ (3,543,189)</b>

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2022 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Special Revenue Fund:</b>				
<b>Taylor Park Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 16	\$ 16
Total revenue from local sources	\$ -	\$ -	\$ 16	\$ 16
<b>Total Taylor Park Fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ 16</u>
<b>Capital Projects Fund:</b>				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 43,924	\$ 43,924
Total revenue from local sources	\$ -	\$ -	\$ 43,924	\$ 43,924
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Virginia Arts Commission	\$ -	\$ -	\$ 4,500	\$ 4,500
Total categorical aid	\$ -	\$ -	\$ 4,500	\$ 4,500
Total revenue from the Commonwealth	\$ -	\$ -	\$ 4,500	\$ 4,500
<b>Total Capital Projects Fund</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,424</u>	<u>\$ 48,424</u>
<b>Total Primary Government</b>	<u>\$ 6,079,445</u>	<u>\$ 9,188,137</u>	<u>\$ 5,693,388</u>	<u>\$ (3,494,749)</u>

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2022

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town Council	\$ 48,133	\$ 48,133	\$ 43,481	\$ 4,652
General and financial administration:				
Town manager	\$ 320,140	\$ 353,540	\$ 377,546	\$ (24,006)
Professional services	38,500	38,500	39,182	(682)
Treasurer/finance	376,357	376,357	419,251	(42,894)
Total general and financial administration	\$ 734,997	\$ 768,397	\$ 835,979	\$ (67,582)
Elections	\$ 3,500	\$ 3,500	\$ -	\$ 3,500
Total general government administration	\$ 786,630	\$ 820,030	\$ 879,460	\$ (59,430)
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 1,563,350	\$ 1,563,350	\$ 1,618,070	\$ (54,720)
Fire and rescue services:				
Volunteer fire departments	\$ 56,341	\$ 56,341	\$ 59,108	\$ (2,767)
Total public safety	\$ 1,619,691	\$ 1,619,691	\$ 1,677,178	\$ (57,487)
Public works:				
Streets and general maintenance	\$ 1,433,144	\$ 1,516,844	\$ 1,298,723	\$ 218,121
Refuse collection and disposal	191,859	191,859	182,709	9,150
Municipal building	48,219	48,219	50,136	(1,917)
Depot	16,000	16,000	14,070	1,930
TOOT	102,594	102,594	104,333	(1,739)
Total public works	\$ 1,791,816	\$ 1,875,516	\$ 1,649,971	\$ 225,545
Parks, recreation, and cultural:				
Parks and recreation	\$ 27,000	\$ 27,000	\$ 31,865	\$ (4,865)
Total parks, recreation, and cultural	\$ 27,000	\$ 27,000	\$ 31,865	\$ (4,865)

Schedule of Expenditures - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2022 (Continued)

Fund, Function, Activity, and Elements	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development	\$ 132,567	\$ 132,567	\$ 147,684	\$ (15,117)
Total community development	\$ 132,567	\$ 132,567	\$ 147,684	\$ (15,117)
Nondepartmental:				
Insurance	\$ 41,221	\$ 41,221	\$ 46,713	\$ (5,492)
Revenue refunds	-	-	17,326	(17,326)
Contractual services	27,400	27,400	54,425	(27,025)
Bank service charges	12,500	12,500	11,081	1,419
Miscellaneous	1,400	1,400	7,373	(5,973)
Donations	131,106	131,106	122,208	8,898
Total nondepartmental	\$ 213,627	\$ 213,627	\$ 259,126	\$ (45,499)
Capital expenditures:				
Capital outlay	\$ 1,349,200	\$ 2,397,200	\$ 496,849	\$ 1,900,351
Debt service:				
Principal	\$ 148,050	\$ 148,050	\$ 148,050	\$ -
Interest	10,864	10,864	10,864	-
Total debt service	\$ 158,914	\$ 158,914	\$ 158,914	\$ -
<b>Total General Fund</b>	<b>\$ 6,079,445</b>	<b>\$ 7,244,545</b>	<b>\$ 5,301,047</b>	<b>\$ 1,943,498</b>
<b>Capital Projects Fund:</b>				
Capital projects expenditures	\$ -	\$ -	\$ 61,910	\$ (61,910)
<b>Total Capital Projects Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,910</b>	<b>\$ (61,910)</b>
<b>Total Primary Government</b>	<b>\$ 6,079,445</b>	<b>\$ 7,244,545</b>	<b>\$ 5,362,957</b>	<b>\$ 1,881,588</b>

## **Other Statistical Information**

Net Position by Component  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 3,493,408	\$ 4,343,194	\$ 6,426,911	\$ 6,879,703	\$ 6,812,449	\$ 6,646,598	\$ 6,576,496	\$ 6,332,218	\$ 6,665,217	\$ 6,704,394
Restricted	110,059	110,273	110,491	110,688	108,489	108,919	72,721	73,090	73,162	73,178
Unrestricted	3,807,987	3,262,813	1,886,857	1,552,399	1,298,911	1,589,401	1,938,793	2,154,421	2,184,677	2,822,939
Total governmental activities net position	\$ 7,411,454	\$ 7,716,280	\$ 8,424,259	\$ 8,542,790	\$ 8,219,849	\$ 8,344,918	\$ 8,588,010	\$ 8,559,729	\$ 8,923,056	\$ 9,600,511
Business-type activities										
Net investment in capital assets	\$ 15,080,241	\$ 15,130,074	\$ 15,035,677	\$ 14,968,510	\$ 14,907,763	\$ 14,863,253	\$ 14,938,357	\$ 14,953,642	\$ 14,951,507	\$ 15,441,292
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	248,257	692,690	175,815	75,741	(127,184)	(482,137)	(471,349)	(550,646)	(628,495)	(990,242)
Total business-type activities net position	\$ 15,328,498	\$ 15,822,764	\$ 15,211,492	\$ 15,044,251	\$ 14,780,579	\$ 14,381,116	\$ 14,467,008	\$ 14,402,996	\$ 14,323,012	\$ 14,451,050
Primary government										
Net investment in capital assets	\$ 18,573,649	\$ 19,473,268	\$ 21,462,588	\$ 21,848,213	\$ 21,720,212	\$ 21,509,851	\$ 21,514,853	\$ 21,285,860	\$ 21,616,724	\$ 22,145,686
Restricted	110,059	110,273	110,491	110,688	108,489	108,919	72,721	73,090	73,162	73,178
Unrestricted	4,056,244	3,955,503	2,062,672	1,628,140	1,171,727	1,107,264	1,467,444	1,603,775	1,556,182	1,832,697
Total primary government net position	\$ 22,739,952	\$ 23,539,044	\$ 23,635,751	\$ 23,587,041	\$ 23,000,428	\$ 22,726,034	\$ 23,055,018	\$ 22,962,725	\$ 23,246,068	\$ 24,051,561
Component unit - Economic Development Authority (1)										
Unrestricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,740	\$ 3,460
Total component unit net position	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,740	\$ 3,460

(1) The Economic Development Authority became a component unit in 2021.

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Primary government:										
Governmental activities:										
General government administration	\$ 775,161	\$ 854,920	\$ 856,706	\$ 979,006	\$ 875,454	\$ 1,107,261	\$ 897,957	\$ 1,086,760	\$ 1,047,960	\$ 1,058,145
Public safety	1,455,083	1,510,652	1,552,517	1,639,762	1,527,727	1,554,318	1,606,968	1,716,475	1,882,357	1,579,813
Public works	1,699,846	1,736,332	2,228,490	1,979,808	2,653,300	2,743,120	2,147,876	2,261,178	2,133,392	1,772,407
Parks, recreation and cultural	71,913	52,195	58,421	50,109	47,917	50,018	82,372	64,607	61,753	53,159
Community development	237,908	221,693	246,980	343,595	355,813	355,054	377,524	360,272	375,749	393,544
Interest on long-term debt	67,167	14,114	61,723	56,142	51,715	49,495	44,416	39,421	31,646	26,640
Total governmental activities expenses	\$ 4,307,078	\$ 4,389,906	\$ 5,004,837	\$ 5,048,422	\$ 5,511,926	\$ 5,859,266	\$ 5,157,113	\$ 5,528,713	\$ 5,532,857	\$ 4,883,708
Business-type activities:										
Water	\$ 1,564,437	\$ 1,449,285	\$ 1,561,035	\$ 1,414,969	\$ 1,511,899	\$ 1,596,581	\$ 1,450,047	\$ 1,520,511	\$ 1,531,367	\$ 1,547,437
Sewer	1,795,538	1,961,749	1,823,607	1,869,725	1,837,446	1,787,301	1,833,551	1,843,391	1,967,912	2,415,819
Total business-type activities expenses	\$ 3,359,975	\$ 3,411,034	\$ 3,384,642	\$ 3,284,694	\$ 3,349,345	\$ 3,383,882	\$ 3,283,598	\$ 3,363,902	\$ 3,499,279	\$ 3,963,256
Total primary government expenses	\$ 7,667,053	\$ 7,800,940	\$ 8,389,479	\$ 8,333,116	\$ 8,861,271	\$ 9,243,148	\$ 8,440,711	\$ 8,892,615	\$ 9,032,136	\$ 8,846,964
Component unit:										
Economic Development Authority (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,260	\$ 17,280
Total component unit expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829,260	\$ 17,280
<b>Program Revenues</b>										
Primary government:										
Governmental activities:										
Charges for services:										
General government administration	\$ 298,030	\$ 303,288	\$ 309,120	\$ 315,072	\$ 317,016	\$ 325,716	\$ 332,820	\$ 339,677	\$ 345,862	\$ 365,674
Public safety	58,887	85,679	66,913	62,056	84,083	75,938	92,549	112,562	94,629	102,013
Public works	103,681	107,498	94,358	82,964	172,940	163,491	192,994	181,578	169,316	182,741
Parks, recreation and cultural	-	-	-	-	-	-	-	-	-	3,548
Community development	5,401	811	3,300	2,430	1,775	3,010	1,263	9,250	4,675	2,460
Operating grants and contributions	895,487	970,366	1,551,123	1,074,655	1,257,792	2,228,546	1,348,307	1,381,427	2,664,282	1,182,997
Capital grants and contributions	11,164	413,670	1,394,645	335,279	-	-	-	-	-	-
Total governmental activities program revenues	\$ 1,372,650	\$ 1,881,312	\$ 3,419,459	\$ 1,872,456	\$ 1,833,606	\$ 2,796,701	\$ 1,967,933	\$ 2,024,494	\$ 3,278,764	\$ 1,839,433
Business-type activities:										
Charges for services:										
Water	\$ 1,372,441	\$ 1,282,238	\$ 1,298,513	\$ 1,313,480	\$ 1,174,447	\$ 1,252,490	\$ 1,301,768	\$ 1,280,293	\$ 1,365,871	\$ 1,407,361
Sewer	1,406,808	1,613,061	1,632,961	1,640,701	1,640,330	1,675,269	1,669,355	1,724,398	1,719,924	1,776,346
Capital grants and contributions	196,023	34,505	7,500	71,149	207,644	18,330	40,564	79,247	152,693	700,091
Total business-type activities program revenues	\$ 2,975,272	\$ 2,929,804	\$ 2,938,974	\$ 3,025,330	\$ 3,022,421	\$ 2,946,089	\$ 3,011,687	\$ 3,083,938	\$ 3,238,488	\$ 3,883,798
Total primary government program revenues	\$ 4,347,922	\$ 4,811,116	\$ 6,358,433	\$ 4,897,786	\$ 4,856,027	\$ 5,742,790	\$ 4,979,620	\$ 5,108,432	\$ 6,517,252	\$ 5,723,231
Net (expense) / revenue										
Primary government:										
Governmental activities	\$ (2,934,428)	\$ (2,508,594)	\$ (1,585,378)	\$ (3,175,966)	\$ (3,678,320)	\$ (3,062,565)	\$ (3,189,180)	\$ (3,504,219)	\$ (2,254,093)	\$ (3,044,275)
Business-type activities	(384,703)	(481,230)	(445,668)	(259,364)	(326,924)	(437,793)	(271,911)	(279,964)	(260,791)	(79,458)
Total primary government net (expense)/ revenue	\$ (3,319,131)	\$ (2,989,824)	\$ (2,031,046)	\$ (3,435,330)	\$ (4,005,244)	\$ (3,500,358)	\$ (3,461,091)	\$ (3,784,183)	\$ (2,514,884)	\$ (3,123,733)
Component unit:										
Economic Development Authority (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (829,260)	\$ (17,280)
Total component unit net (expense)/ revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (829,260)	\$ (17,280)

Changes in Net Position  
Last Ten Fiscal Years (Continued)  
(accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in Net Position</b>										
Primary government:										
Governmental activities:										
Taxes:										
Property taxes	\$ 741,887	\$ 689,485	\$ 759,925	\$ 728,639	\$ 878,002	\$ 869,356	\$ 872,952	\$ 913,444	\$ 805,289	\$ 873,213
Local sales and use taxes	345,208	355,692	241,507	197,533	225,086	229,204	231,072	252,390	301,318	350,017
Restaurant food taxes	1,058,059	1,032,790	1,096,455	1,152,548	1,164,425	1,199,380	1,289,772	1,249,067	1,288,825	1,480,589
Consumers' utility taxes	226,271	233,804	233,334	239,301	219,739	234,574	240,652	237,885	232,921	233,134
Other local taxes	468,037	533,451	639,211	525,518	500,846	593,302	512,307	478,824	493,379	506,897
Unrestricted grants and contributions	414,664	411,818	138,536	304,340	308,556	309,463	289,990	284,720	267,679	252,307
Unrestricted revenues from use of money and property	17,034	12,138	11,422	19,514	11,622	12,490	25,776	17,896	27,834	6,547
Miscellaneous	24,881	32,723	24,998	127,104	12,977	23,657	68,910	81,500	35,873	93,748
Gain (loss) on the disposal of assets	9,748	17,877	63,219	-	34,126	6,705	7,486	22,910	14,302	17,387
Transfers	506,358	(506,358)	-	-	-	-	-	(62,698)	(850,000)	-
Total governmental activities	\$ 3,812,147	\$ 2,813,420	\$ 3,208,607	\$ 3,294,497	\$ 3,355,379	\$ 3,478,131	\$ 3,538,917	\$ 3,475,938	\$ 2,617,420	\$ 3,813,839
Business-type activities:										
Unrestricted revenues from use of money and property	\$ 2,632	\$ 1,519	\$ 1,572	\$ 1,688	\$ 1,618	\$ 3,250	\$ 5,789	\$ 3,981	\$ 778	\$ 410
Miscellaneous	67,771	172,761	149,277	90,435	61,634	60,737	245,369	149,273	180,029	207,086
Transfers	(506,358)	506,358	-	-	-	-	-	62,698	-	-
Total business-type activities	\$ (435,955)	\$ 680,638	\$ 150,849	\$ 92,123	\$ 63,252	\$ 63,987	\$ 251,158	\$ 215,952	\$ 180,807	\$ 207,496
Total primary government	\$ 3,376,192	\$ 3,494,058	\$ 3,359,456	\$ 3,386,620	\$ 3,418,631	\$ 3,542,118	\$ 3,790,075	\$ 3,691,890	\$ 2,798,227	\$ 4,021,335
Component unit:										
Economic Development Authority (1)										
Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,000	\$ -
Total component unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 850,000	\$ -
<b>Change in Net Position</b>										
Primary government:										
Governmental activities	\$ 877,719	\$ 304,826	\$ 1,623,229	\$ 118,531	\$ (322,941)	\$ 415,566	\$ 349,737	\$ (28,281)	\$ 363,327	\$ 769,564
Business-type activities	(820,658)	199,408	(294,819)	(167,241)	(263,672)	(373,806)	(20,753)	(64,012)	(79,984)	128,038
Total primary government	\$ 57,061	\$ 504,234	\$ 1,328,410	\$ (48,710)	\$ (586,613)	\$ 41,760	\$ 328,984	\$ (92,293)	\$ 283,343	\$ 897,602
Component unit:										
Economic Development Authority (1)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,740	\$ (17,280)
Total component unit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,740	\$ (17,280)

(1) The Economic Development Authority became a component unit in 2021.



Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

Fiscal Year	Property Tax	Local Sales and Use Tax	Consumers' Utility Tax	Restaurant Food Tax	Other Local Taxes	Total
2022	\$ 873,213	\$ 350,017	\$ 233,134	\$ 1,480,589	\$ 506,897	\$ 3,443,850
2021	848,472	301,318	232,921	1,288,825	493,379	3,164,915
2020	913,444	252,390	237,885	1,249,067	478,824	3,131,610
2019	872,952	231,072	240,652	1,289,772	512,307	3,146,755
2018	869,356	229,204	234,574	1,199,380	593,302	3,125,816
2017	878,002	225,086	219,739	1,164,425	500,846	2,988,098
2016	729,128	197,533	239,301	1,152,548	525,518	2,844,028
2015	759,925	241,507	233,334	1,096,455	463,045	2,794,266
2014	689,485	355,692	233,804	1,032,790	533,451	2,845,222
2013	741,887	345,208	226,271	1,058,059	468,037	2,839,462

Fund Balances of Governmental Funds  
 Last Ten Fiscal Years  
 (modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Nonspendable	\$ -	\$ 34,623	\$ 9,862	\$ 14,294	\$ 37,151	\$ 34,349	\$ 30,917	\$ 32,479	\$ 26,170	\$ 31,707
Restricted	2,392	2,392	2,392	2,392	-	-	-	-	-	-
Unassigned	3,863,499	3,362,635	2,823,770	2,933,891	2,707,406	3,503,942	3,810,970	4,035,551	4,399,122	4,603,456
Total general fund	<u>\$ 3,865,891</u>	<u>\$ 3,399,650</u>	<u>\$ 2,836,024</u>	<u>\$ 2,950,577</u>	<u>\$ 2,744,557</u>	<u>\$ 3,538,291</u>	<u>\$ 3,841,887</u>	<u>\$ 4,068,030</u>	<u>\$ 4,425,292</u>	<u>\$ 4,635,163</u>
All other governmental funds										
Restricted										
Taylor park fund	\$ 107,667	\$ 107,881	\$ 108,099	\$ 108,296	\$ 108,489	\$ 108,919	\$ 72,721	\$ 73,090	\$ 73,162	\$ 73,178
Assigned										
Capital projects fund	124,313	119,093	98,029	-	-	-	-	-	-	-
Unassigned (deficit)										
Capital projects fund	-	-	-	(5,573)	(33,032)	(61,238)	(45,421)	(48,563)	(47,981)	(19,546)
Total all other governmental funds	<u>\$ 231,980</u>	<u>\$ 226,974</u>	<u>\$ 206,128</u>	<u>\$ 102,723</u>	<u>\$ 75,457</u>	<u>\$ 47,681</u>	<u>\$ 27,300</u>	<u>\$ 24,527</u>	<u>\$ 25,181</u>	<u>\$ 53,632</u>
Total fund balance, governmental funds	<u>\$ 4,097,871</u>	<u>\$ 3,626,624</u>	<u>\$ 3,042,152</u>	<u>\$ 3,053,300</u>	<u>\$ 2,820,014</u>	<u>\$ 3,585,972</u>	<u>\$ 3,869,187</u>	<u>\$ 4,092,557</u>	<u>\$ 4,450,473</u>	<u>\$ 4,688,795</u>

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
General property taxes	\$ 723,149	\$ 738,725	\$ 731,855	\$ 729,128	\$ 836,044	\$ 875,217	\$ 882,249	\$ 839,730	\$ 848,472	\$ 888,713
Other local taxes	2,097,575	2,155,737	2,034,341	2,114,900	2,110,096	2,256,460	2,273,803	2,218,166	2,316,443	2,570,637
Permits, privilege fees and regulatory licenses	5,401	811	3,300	2,430	1,775	3,010	1,263	9,250	4,675	1,875
Fines and forfeitures	58,887	85,679	66,913	62,056	84,083	75,938	92,549	112,562	94,629	102,013
Revenue from use of money and property	17,034	11,658	11,422	10,079	11,622	12,490	25,776	17,896	27,834	24,196
Charges for services	103,681	107,498	94,358	82,964	172,940	163,491	192,994	181,578	169,316	181,116
Miscellaneous	34,629	50,600	32,952	148,468	47,104	30,361	76,396	104,410	50,175	111,135
Recovered costs	11,448	13,723	149,332	23,758	59,928	26,448	61,055	12,301	24,985	24,616
Revenue from internal sources	298,030	303,288	309,120	315,072	317,016	325,716	332,820	339,677	345,862	353,783
Intergovernmental revenues:										
Local government	-	-	-	-	-	-	-	-	-	17,280
Commonwealth	1,317,347	1,686,080	1,865,825	1,374,592	1,566,348	2,538,009	1,532,605	1,626,085	1,401,939	1,418,024
Federal	3,968	-	1,394,645	339,682	-	-	105,692	40,062	1,530,022	-
Total revenues	\$ 4,671,149	\$ 5,153,799	\$ 6,694,063	\$ 5,203,129	\$ 5,206,956	\$ 6,307,140	\$ 5,577,202	\$ 5,501,717	\$ 6,814,352	\$ 5,693,388
<b>Expenditures</b>										
General government administration	\$ 627,697	\$ 652,017	\$ 675,657	\$ 759,721	\$ 687,550	\$ 719,645	\$ 726,049	\$ 718,885	\$ 774,853	\$ 879,460
Public safety	1,370,094	1,421,949	1,485,085	1,394,255	1,453,981	1,575,768	1,537,340	1,559,848	1,720,515	1,677,178
Public works	1,658,561	1,802,964	2,040,264	1,629,591	1,688,096	1,613,496	1,611,253	1,610,575	1,685,359	1,649,971
Parks, recreation and cultural	27,856	22,495	28,721	21,629	26,623	28,724	61,078	30,889	30,005	31,865
Community development	119,154	133,579	160,680	110,555	120,146	121,418	133,296	119,082	130,452	147,684
Non-departmental	186,764	181,148	202,871	213,362	214,299	217,970	216,580	292,849	219,749	259,126
Capital projects	277,418	729,606	2,553,360	870,320	1,055,138	1,016,859	725,353	580,860	888,303	558,759
Debt service										
Principal	118,237	147,425	233,598	162,127	167,402	223,086	156,762	285,896	143,350	148,050
Interest and other fiscal charges	66,817	27,077	33,299	30,421	27,007	24,216	19,631	16,765	13,850	10,864
Total expenditures	\$ 4,452,598	\$ 5,118,260	\$ 7,413,535	\$ 5,191,981	\$ 5,440,242	\$ 5,541,182	\$ 5,187,342	\$ 5,215,649	\$ 5,606,436	\$ 5,362,957
Excess of revenues over (under) expenditures	\$ 218,551	\$ 35,539	\$ (719,472)	\$ 11,148	\$ (233,286)	\$ 765,958	\$ 389,860	\$ 286,068	\$ 1,207,916	\$ 330,431
<b>Other financing sources (uses)</b>										
Transfers in	\$ 506,358	\$ (506,358)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,921
Transfers out	-	-	-	-	-	-	(106,645)	(62,698)	(850,000)	(41,921)
Issuance of leases	132,235	-	135,000	-	-	-	-	-	-	-
Issuance of refunding bond	-	1,445,250	-	-	-	-	-	-	-	-
Payment to bond escrow agent	-	(1,440,672)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 638,593	\$ (501,780)	\$ 135,000	\$ -	\$ -	\$ -	\$ (106,645)	\$ (62,698)	\$ (850,000)	\$ -
Net change in fund balances	\$ 857,144	\$ (466,241)	\$ (584,472)	\$ 11,148	\$ (233,286)	\$ 765,958	\$ 283,215	\$ 223,370	\$ 357,916	\$ 330,431
Debt service as a percentage of noncapital expenditures	4.87%	4.33%	6.08%	4.92%	4.89%	6.09%	4.34%	7.49%	3.62%	3.62%

**TOWN OF ORANGE, VIRGINIA**

General Governmental Revenues by Source (1) (2)

Last Ten Fiscal Years

*(modified accrual basis of accounting)*

<b>Fiscal Year</b>		<b>General Property Taxes</b>		<b>Other Local Taxes</b>		<b>Permits, Privilege fees, and Regulatory Licenses</b>		<b>Fines and Forfeitures</b>		<b>Revenue from Use of Money and Property</b>
2022	\$	888,713	\$	2,570,637	\$	1,875	\$	102,013	\$	24,196
2021		848,472		2,316,443		4,675		94,629		27,834
2020		839,730		2,218,166		9,250		112,562		17,896
2019		882,249		2,273,803		1,263		92,549		25,776
2018		875,217		2,256,460		3,010		75,938		12,490
2017		836,044		2,110,096		1,775		84,083		11,622
2016		729,128		2,114,900		2,430		62,056		10,079
2015		731,855		2,034,341		3,300		66,913		11,422
2014		738,725		2,155,737		811		85,679		11,658
2013		723,149		2,097,575		5,401		58,887		16,531

- NOTE: (1) Includes General, Capital Projects, and Special Revenue Funds  
 (2) Excludes revenue from internal sources

Table 6

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	Charges for Services		Recovered Costs		Miscellaneous (2)		Inter- governmental		Total
\$	181,116	\$	24,616	\$	111,135	\$	1,435,304	\$	5,339,605
	169,316		24,985		50,175		2,931,961		6,468,490
	181,578		12,301		104,410		1,666,147		5,162,040
	192,994		61,055		76,396		1,638,297		5,244,382
	163,491		26,448		30,361		2,538,009		5,981,424
	172,940		59,928		47,104		1,566,348		4,889,940
	82,964		23,758		148,468		1,714,274		4,888,057
	94,358		149,332		32,952		3,260,470		6,384,943
	107,498		13,723		353,888		1,686,080		5,153,799
	103,681		11,448		332,659		1,265,947		4,615,278

Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2022	\$ 403,438,450	\$ 44,926,864	\$ 17,704,480	\$ 466,069,794	466,069,794	100.00%
2021	402,206,968	42,020,061	19,446,129	463,673,158	463,673,158	100.00%
2020	403,082,247	45,409,042	18,114,430	466,605,719	466,605,719	100.00%
2019	361,909,632	45,400,564	18,903,683	426,213,879	426,213,879	100.00%
2018	360,859,679	39,990,938	18,951,844	419,802,461	419,802,461	100.00%
2017	360,271,230	35,671,613	17,808,609	413,751,452	413,751,452	100.00%
2016	356,080,893	34,424,008	17,186,324	407,691,225	407,691,225	100.00%
2015	359,771,020	34,309,280	13,566,760	407,647,060	407,647,060	100.00%
2014	360,205,672	34,591,100	15,323,152	410,119,924	410,119,924	100.00%
2013	356,605,925	36,261,468	15,012,840	407,880,233	407,880,233	100.00%

Source: Commissioner of Revenue of Orange County

Property Tax Rates (1)  
Last Ten Fiscal Years

Fiscal Years	Direct Rates				
	Real Estate	Personal Property	Machinery and Tools	Public Service RE/PP	Mobile Home
2022	\$ .157/.157	\$ 0.830	\$ 0.066	\$ .157/.830	\$ 0.157
2021	.157/.157	0.830	0.066	.157/.830	0.157
2020	.175/.157	0.830	0.066	.175/.830	0.175
2019	.175/.175	0.830	0.066	.175/.830	0.175
2018	.175/.175	0.830	0.066	.175/.830	0.175
2017	.155/.175	0.830	0.066	.155/.830	0.155
2016	.155/.155	0.830	0.066	.155/.830	0.155
2015	.155/.155	0.830	0.066	.155/.830	0.155
2014	.155/.155	0.830	0.066	.155/.830	0.155
2013	.145/.155	0.830	0.066	.145/.830	0.145

(1) Per \$100 of assessed value

Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year	Total(1) Tax Levy	Current Tax(1) Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2021-22	\$ 959,671	\$ 941,898	98.15%	\$ 26,064	\$ 967,962	100.86%	\$ 77,084	8.03%
2020-21	941,534	903,039	95.91%	58,119	961,158	102.08%	74,806	7.95%
2019-20	967,555	919,560	95.04%	37,539	957,099	98.92%	46,559	4.81%
2018-19	970,558	915,070	94.28%	25,728	940,798	96.93%	58,648	6.04%
2017-18	950,348	938,912	98.80%	19,551	958,463	100.85%	36,377	3.83%
2016-17	873,536	845,956	96.84%	6,973	852,929	97.64%	64,014	7.33%
2015-16	822,344	796,864	96.90%	25,754	822,618	100.03%	22,286	2.71%
2014-15	823,502	810,895	98.47%	10,576	821,471	99.75%	24,404	2.96%
2013-14	825,977	778,024	94.19%	43,976	822,000	99.52%	23,428	2.84%
2012-13	817,562	755,728	92.44%	20,756	776,484	94.98%	58,720	7.18%

(1) Includes Commonwealth's PPTRA reimbursement

Source: Commissioner of Revenue, County of Orange and Town Treasurer's office



Ratio of Net General Bonded Debt to  
Assessed Value and Net Bonded Debt Per Capita  
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value (In Thousands) (2)	Gross General Obligation Debt (1)	Debt Payable from Enterprise Revenues (1)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (2)	Net Bonded Debt per Capita
2022	5,067	\$ 466,070	\$ 2,160,000	\$ 1,704,100	\$ 455,900	0.10%	\$ 90
2021	5,061	463,673	2,565,000	1,961,050	603,950	0.13%	119
2020	5,055	466,606	2,950,000	2,202,700	747,300	0.16%	148
2019	5,049	426,214	3,330,000	2,441,700	888,300	0.21%	176
2018	5,044	419,802	3,704,999	2,678,049	1,026,950	0.24%	204
2017	4,988	413,751	4,074,999	2,911,749	1,163,250	0.28%	233
2016	4,947	407,691	4,429,999	3,132,799	1,297,200	0.32%	262
2015	4,902	407,647	4,774,999	3,348,549	1,426,450	0.35%	291
2014	4,855	410,120	5,115,000	3,561,650	1,553,350	0.38%	320
2013	4,813	407,880	5,183,537	3,623,387	1,560,150	0.38%	324

(1) Includes all long-term general obligation bonded debt, and excludes revenue bonds, leases, and compensated absences.

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 7

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## Compliance





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***

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

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

**Report on Internal Control over Financial Reporting**

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

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

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

## Report on Compliance and Other Matters

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

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and 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.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
November 30, 2022