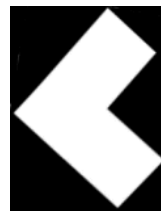


*Town of Burkeville, Virginia*  
*Annual Comprehensive Financial Report*  
*Year Ended June 30, 2023*



*Creedle, Jones  
& Associates, P.C.*  
*Certified Public Accountants*

# Town of Burkeville, Virginia

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# **FINANCIAL SECTION**



## **INDEPENDENT AUDITOR'S REPORT**

To the Town Council  
Town of Burkeville, Virginia

### **Qualified Opinion**

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

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Burkeville, Virginia, as of June 30, 2023, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion**

We conducted our audit of the financial statements of the governmental activities, the business-type activities, and each major fund in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Burkeville, 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 qualified audit opinion.

#### **Matter Giving Rise to Qualified Opinion**

We were unable to obtain sufficient appropriate audit evidence over cash reconciliations due to lack of supporting documentation.

### **Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2023, the Town adopted new accounting guidance, GASB Statement No. 94, Public-Private and Public-Public Partnerships and No. 96, Subscription- Based Information Technology Arrangements. Our opinion is not modified with respect to this matter.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Burkeville, 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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Burkeville, 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 the Town of Burkeville, 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 on pages 1-8, 60-63, and 64-72 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2026, on our consideration of the Town of Burkeville, 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 Burkeville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Burkeville, Virginia's internal control over financial reporting and compliance.

*Creedle, Jones & Associates, P.C.*

Creedle, Jones & Associates, P.C.  
Certified Public Accountants

South Hill, Virginia  
February 10, 2026

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Burkeville, Virginia presents the following discussion and analysis as an overview of the Town of Burkeville, Virginia's financial activities for the fiscal year ending June 30, 2023. We encourage readers to read this discussion and analysis in conjunction with the Town's basic financial statements.

### Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources by \$1,474,100. Of this amount, \$644,264 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$534,178 with an unrestricted balance deficit of \$86,968.
- The Town's total net position decreased by \$132,240 during the current fiscal year. Of this amount, a decrease of \$60,421 is related to governmental activities and a decrease of \$71,819 is attributed to business-type activities.
- As of June 30, 2023, the Town's Governmental Funds reported combined ending fund balances of \$556,080, a decrease of \$47,713 in comparison with the prior year. Approximately 90.65% of this amount is available for spending at the Town's discretion (unassigned fund balance).
- At the end of fiscal year 2023, the general fund unassigned fund balance was \$504,090, or approximately 81.55% of total general fund expenditures.

### 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 supplementary information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those found in the private sector. They also report the Town's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the Town's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the Town's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the Town's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the Town's property tax base and the condition of Town facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the Town's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide financial statements distinguish governmental activities from business-type activities identified as the primary government. The governmental activities of the Town include general government administration, public safety, public works, and parks, recreation and cultural. Public utilities represent the business-type activities.

## **Fund Financial Statements**

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported.

The Town has two types of funds:

*Governmental Funds* - Most of the Town's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Cemetery Fund, all of which are considered to be major funds.

*Proprietary Funds* – The Town uses an Enterprise Fund which operates in a manner similar to private business enterprises. Costs are recovered primarily through user charges. Proprietary Fund financial statements provide both long and short-term financial information.

## **Notes to the Basic Financial Statements**

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

## **Other**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information such as the budgetary comparison schedule.

## FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

### Statement of Net Position

The following table reflects the condensed Statement of Net Position:

#### Summary of Net Position

As of June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>						
Current and other assets	\$ 842,887	\$ 819,363	\$ 78,178	\$ 82,966	\$ 921,065	\$ 902,329
Capital assets (net)	<u>847,882</u>	<u>878,208</u>	<u>1,047,624</u>	<u>1,138,202</u>	<u>1,895,506</u>	<u>2,016,410</u>
Total Assets	<b>1,690,769</b>	1,697,571	<b>1,125,802</b>	1,221,168	<b>2,816,571</b>	2,918,739
<b>Deferred Outflows of Resources</b>						
	<u>25,069</u>	<u>11,268</u>	<u>8,808</u>	<u>3,960</u>	<u>33,877</u>	<u>15,228</u>
Total Assets and Deferred Outflows of Resources	<u><b>\$ 1,715,838</b></u>	<u>\$ 1,708,839</u>	<u><b>\$ 1,134,610</b></u>	<u>\$ 1,225,128</u>	<u><b>\$ 2,850,448</b></u>	<u>\$ 2,933,967</u>
<b>Liabilities</b>						
Other liabilities	\$ 187,262	\$ 111,819	\$ 161,155	\$ 153,473	\$ 348,417	\$ 265,292
Long-term liabilities	<u>21,075</u>	<u>26,707</u>	<u>427,543</u>	<u>453,082</u>	<u>448,618</u>	<u>479,789</u>
Total Liabilities	<b>208,337</b>	138,526	<b>588,698</b>	606,555	<b>797,035</b>	745,081
<b>Deferred Inflows of Resources</b>						
	<b>33,401</b>	35,792	<b>11,734</b>	12,576	<b>45,135</b>	48,368
<b>Net Position</b>						
Net investment in capital assets	<b>829,836</b>	855,464	<b>621,146</b>	686,512	<b>1,450,982</b>	1,541,976
Unrestricted (deficit)	<u>644,264</u>	<u>679,057</u>	<u>(86,968)</u>	<u>(80,515)</u>	<u>557,296</u>	<u>598,542</u>
Total Net Position	<u><b>1,474,100</b></u>	<u>1,534,521</u>	<u><b>534,178</b></u>	<u>605,997</u>	<u><b>2,008,278</b></u>	<u>2,140,518</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><b>\$ 1,715,838</b></u>	<u>\$ 1,708,839</u>	<u><b>\$ 1,134,610</b></u>	<u>\$ 1,225,128</u>	<u><b>\$ 2,850,448</b></u>	<u>\$ 2,933,967</u>

## Statement of Activities

The following table summarizes revenues and expenses for the primary government:

### Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services	\$ 57,803	\$ 43,999	\$ 233,386	\$ 219,872	\$ 291,189	\$ 263,871
Operating grants and contributions	199,055	208,760	-	-	199,055	208,760
<b>General Revenues</b>						
General property taxes, real and personal	109,084	101,615	-	-	109,084	101,615
Other taxes	152,217	166,899	-	-	152,217	166,899
Grants and contributions not restricted to specific programs	17,671	30,631	-	-	17,671	30,631
Unrestricted revenues from use of money and property	14,569	6,632	-	-	14,569	6,632
Miscellaneous	14,437	9,154	5,850	-	20,287	9,154
<b>Total Revenues</b>	<b>564,836</b>	<b>567,690</b>	<b>239,236</b>	<b>219,872</b>	<b>804,072</b>	<b>787,562</b>
<b>Expenses</b>						
General government administration	212,548	149,292	-	-	212,548	149,292
Public safety	208,080	162,282	-	-	208,080	162,282
Public works	168,664	91,060	-	-	168,664	91,060
Parks, recreation, and cultural	43,293	55,990	-	-	43,293	55,990
Interest on long-term debt	438	156	-	-	438	156
Enterprise activities	-	-	303,289	309,270	303,289	309,270
<b>Total Expenses</b>	<b>633,023</b>	<b>458,780</b>	<b>303,289</b>	<b>309,270</b>	<b>936,312</b>	<b>768,050</b>
Change in Net Position Before Transfers	(68,187)	108,910	(64,053)	(89,398)	(132,240)	19,512
<b>Transfers in (out)</b>	<b>7,766</b>	<b>(3,474)</b>	<b>(7,766)</b>	<b>3,474</b>	<b>-</b>	<b>-</b>
Change in Net Position	(60,421)	105,436	(71,819)	(85,924)	(132,240)	19,512
Beginning Net Position (Restated)	1,534,521	1,429,085	605,997	691,921	2,140,518	2,121,006
Ending Net Position	\$ 1,474,100	\$ 1,534,521	\$ 534,178	\$ 605,997	\$ 2,008,278	\$ 2,140,518

Governmental activities decreased the Town's net position by \$60,421 for fiscal year 2023. Revenues from governmental activities totaled \$564,836. Operating grants and contributions comprise the largest source of these revenues, totaling \$199,055 or 35.24% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$633,023. General government administration was the Town's largest program with expenses totaling \$212,548. Public safety, which totals \$208,080, represents the second largest expense.

For the Town's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

**Net Cost of Governmental Activities**

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 212,548	\$ (176,122)	\$ 149,292	\$ (112,287)
Public safety	208,080	6,302	162,282	47,372
Public works	168,664	(168,664)	91,060	(91,060)
Parks, recreation, and cultural	43,293	(37,243)	55,990	(49,890)
Interest on long-term debt	438	(438)	156	(156)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 633,023</u>	<u>\$ (376,165)</u>	<u>\$ 458,780</u>	<u>\$ (206,021)</u>

**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. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The Town's governmental funds reported combined ending fund balances of \$556,080. The combined governmental fund balance decreased \$47,713 from the prior year.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$504,090. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 81.55% of total fund expenditures.

The Special Revenue Fund has a total fund balance of \$51,990, all of which is assigned for ongoing maintenance of the cemetery.

## BUDGETARY HIGHLIGHTS

### General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

### Budgetary Comparison

#### General Fund

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues</b>						
Taxes	\$ 109,800	\$ 109,800	\$101,374	\$108,800	\$ 108,800	\$ 103,829
Other	236,877	236,877	261,107	197,040	197,040	233,319
Intergovernmental	<u>45,000</u>	<u>45,000</u>	<u>210,676</u>	<u>45,200</u>	<u>45,200</u>	<u>233,291</u>
Total Revenues	<b>391,677</b>	<b>391,677</b>	<b>573,157</b>	351,040	351,040	570,439
<b>Expenditures</b>	<u>384,477</u>	<u>384,477</u>	<u>618,126</u>	<u>354,266</u>	<u>354,266</u>	<u>473,976</u>
Excess (Deficiency) of Revenues Over Expenditures	<b>7,200</b>	<b>7,200</b>	<b>(44,969)</b>	(3,226)	(3,226)	96,463
<b>Other Financing Sources (Uses)</b>						
Contingency/surplus	-	-	-	3,226	3,226	-
Proceeds of loans	-	-	-	-	-	24,300
Transfers in (out)	<u>(7,200)</u>	<u>(7,200)</u>	<u>7,766</u>	<u>-</u>	<u>-</u>	<u>(3,474)</u>
Total	<u>(7,200)</u>	<u>(7,200)</u>	<u>7,766</u>	<u>3,226</u>	<u>3,226</u>	<u>20,826</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (37,203)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,289</u>

Actual revenues were more than final budget amounts by \$181,480, or 46.33%, while actual expenditures were \$233,649, or 60.77% more than final budget amounts, due to the budget not being amended for grant funds received and, subsequently, disbursed.

## CAPITAL ASSETS AND LONG-TERM DEBT

### Capital Assets

As of June 30, 2023, the Town's governmental activities net capital assets total \$847,882, which represents a net decrease of \$30,326 or 3.45% over the previous fiscal year-end balance. The business-type activities net capital assets total \$1,047,624, a net decrease of \$90,578 or 7.96% over the previous fiscal year as summarized in the following table:

## Change in Capital Assets

### Governmental Activities

	<u>Balance</u> <u>July 1, 2022</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Land and land improvements	\$ 103,700	\$ -	\$ 103,700
Buildings and improvements	1,904,458	-	1,904,458
Furniture, equipment, and vehicles	<u>837,351</u>	<u>49,288</u>	<u>886,639</u>
Total Capital Assets	2,845,509	49,288	2,894,797
Less: Accumulated depreciation and amortization	<u>(1,967,301)</u>	<u>(79,614)</u>	<u>(2,046,915)</u>
Total Capital Assets, Net	<u>\$ 878,208</u>	<u>\$ (30,326)</u>	<u>\$ 847,882</u>

### Business-Type Activities

	<u>Balance</u> <u>July 1, 2022</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
Land	\$ 2,900	\$ -	\$ 2,900
Infrastructure	20,711	-	20,711
Machinery and equipment	<u>3,757,016</u>	<u>(4,000)</u>	<u>3,753,016</u>
Total Capital Assets	3,780,627	(4,000)	3,776,627
Less: Accumulated depreciation and amortization	<u>(2,642,425)</u>	<u>(86,578)</u>	<u>(2,729,003)</u>
Total Capital Assets, Net	<u>\$ 1,138,202</u>	<u>\$ (90,578)</u>	<u>\$ 1,047,624</u>

### Long-Term Debt

As of June 30, 2023, the Town's long-term obligations total \$444,524.

	<u>Balance</u> <u>July 1, 2022</u>	<u>Net Additions</u> <u>and Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
<b>Governmental Activities</b>			
Long-term debt	<u>\$ 22,744</u>	<u>\$ (4,698)</u>	<u>\$ 18,046</u>
Total Governmental Activities	22,744	(4,698)	18,046
<b>Business-Type Activities</b>			
Long-term debt	<u>451,690</u>	<u>(25,212)</u>	<u>426,478</u>
Total Business-Type Activities	<u>451,690</u>	<u>(25,212)</u>	<u>426,478</u>
Total Primary Government	<u>\$ 474,434</u>	<u>\$ (29,910)</u>	<u>\$ 444,524</u>

More detailed information on the Town's long-term obligations is presented in Note 8 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year-2023 budget.

The average unemployment rate for the Town of Burkeville, Virginia in June 2023, which uses Nottoway County, Virginia's rate, was 2.9%. This compares unfavorably to the state's rate of 2.8% and favorably to the national rate of 3.8%.

According to the 2020 U.S. Census, the population in the Town of Burkeville, Virginia was 485.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2024, which accounts for most of the Town's operational costs. The fiscal year 2024 adopted budget anticipates General Fund revenues and expenditures to be \$450,588, a 15% increase over the fiscal year 2023 budget.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Mayor or the Clerk/Treasurer, Town of Burkeville, Virginia, P. O. Box 277, Burkeville, Virginia 23922, telephone 434-767-4095.

# **BASIC FINANCIAL STATEMENTS**

## Town of Burkeville, Virginia

## Statement of Net Position

At June 30, 2023

	<b>Primary Government</b>		<b>Total</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 720,585	\$ -	\$ 720,585
Receivables, net	37,205	49,154	86,359
Due from other governments	2,491	-	2,491
Total Current Assets	<u>760,281</u>	<u>49,154</u>	<u>809,435</u>
<b>Noncurrent Assets</b>			
Land and land improvements	103,700	2,900	106,600
Other capital assets, net of accumulated depreciation	744,182	1,044,724	1,788,906
Total Noncurrent Assets	<u>847,882</u>	<u>1,047,624</u>	<u>1,895,506</u>
<b>Other Assets</b>			
Net pension asset	82,575	29,013	111,588
Net other postemployment benefits asset	31	11	42
Total Other Assets	<u>82,606</u>	<u>29,024</u>	<u>111,630</u>
Total Assets	1,690,769	1,125,802	2,816,571
<b>Deferred Outflows of Resources</b>			
Pension	23,692	8,325	32,017
Other postemployment benefits	1,377	483	1,860
Total Deferred Outflows of Resources	<u>25,069</u>	<u>8,808</u>	<u>33,877</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,715,838</u>	<u>\$ 1,134,610</u>	<u>\$ 2,850,448</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Pooled cash deficit	\$ -	\$ 138,067	\$ 138,067
Accounts payable and accrued expenses	17,507	2,958	20,465
Customer deposits	-	20,130	20,130
Unearned grants	169,755	-	169,755
Total Current Liabilities	<u>187,262</u>	<u>161,155</u>	<u>348,417</u>
<b>Long-Term Liabilities</b>			
<i>Due within one year</i>			
Bonds, loans, and other	4,799	26,317	31,116
<i>Due in more than one year</i>			
Net OPEB liability	3,029	1,065	4,094
Bonds, loans, and other	13,247	400,161	413,408
Total Long-Term Liabilities	<u>21,075</u>	<u>427,543</u>	<u>448,618</u>
Total Liabilities	208,337	588,698	797,035
<b>Deferred Inflows of Resources</b>			
Pension	31,156	10,946	42,102
Other postemployment benefits	2,245	788	3,033
Total Deferred Inflows of Resources	<u>33,401</u>	<u>11,734</u>	<u>45,135</u>
<b>Net Position</b>			
Net investment in capital assets	829,836	621,146	1,450,982
Unrestricted (deficit)	644,264	(86,968)	557,296
Total Net Position	<u>1,474,100</u>	<u>534,178</u>	<u>2,008,278</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,715,838</u>	<u>\$ 1,134,610</u>	<u>\$ 2,850,448</u>

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

## Town of Burkeville, Virginia

## Statement of Activities

For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-Type Activities</u>	
<b>Primary Government</b>						
<b>Governmental Activities</b>						
General government administration	\$ 212,548	\$ 36,426	\$ -	\$ (176,122)		\$ (176,122)
Public safety	208,080	21,377	193,005	6,302		6,302
Public works	168,664	-	-	(168,664)		(168,664)
Parks, recreation, and cultural	43,293	-	6,050	(37,243)		(37,243)
Interest on long-term debt	438	-	-	(438)		(438)
Total Governmental Activities	633,023	57,803	199,055	(376,165)		(376,165)
<b>Business-Type Activities</b>						
Water Fund	159,775	114,147	-	-	\$ (45,628)	(45,628)
Sewer Fund	143,514	119,239	-	-	(24,275)	(24,275)
Total Business-Type Activities	303,289	233,386	-	-	(69,903)	(69,903)
Total Primary Government	\$ 936,312	\$ 291,189	\$ 199,055	(376,165)	(69,903)	(446,068)
<b>General Revenues</b>						
<b>Taxes</b>						
General property taxes, real and personal				109,084	-	109,084
Other local taxes				152,217	-	152,217
Grants and contributions not restricted to specific programs				17,671	-	17,671
Unrestricted revenues from use of money and property				14,569	-	14,569
Miscellaneous				14,437	5,850	20,287
<b>Transfers</b>				7,766	(7,766)	-
Total General Revenues and Transfers				315,744	(1,916)	313,828
Change in Net Position				(60,421)	(71,819)	(132,240)
Net Position - Beginning of Year (Restated)				1,534,521	605,997	2,140,518
Net Position - End of Year				\$ 1,474,100	\$ 534,178	\$ 2,008,278

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

Town of Burkeville, Virginia

Balance Sheet

Governmental Funds

At June 30, 2023

	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and investments	\$ 668,595	\$ 75,053	\$ 743,648
Other receivables	20,266	-	20,266
Property taxes receivable, net	16,939	-	16,939
Due from other governments	<u>2,491</u>	<u>-</u>	<u>2,491</u>
Total Assets	<u>\$ 708,291</u>	<u>\$ 75,053</u>	<u>\$ 783,344</u>
<b>Liabilities</b>			
Pooled cash deficit	\$ -	\$ 23,063	\$ 23,063
Accounts payable and accrued liabilities	17,507	-	17,507
Unearned grants	<u>169,755</u>	<u>-</u>	<u>169,755</u>
Total Liabilities	187,262	23,063	210,325
<b>Deferred Inflows of Resources</b>			
Unavailable revenue - taxes	<u>16,939</u>	<u>-</u>	<u>16,939</u>
Total Deferred Inflows of Resources	16,939	-	16,939
<b>Fund Balance</b>			
Assigned	-	51,990	51,990
Unassigned	<u>504,090</u>	<u>-</u>	<u>504,090</u>
Total Fund Balance	<u>504,090</u>	<u>51,990</u>	<u>556,080</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 708,291</u>	<u>\$ 75,053</u>	<u>\$ 783,344</u>

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

Town of Burkeville, Virginia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2023

Total Fund Balances for Governmental Funds \$ 556,080

**Total net position reported for governmental activities in the Statement of Net Position is different because:**

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

Land	\$ 103,700
Buildings and improvements, net of accumulated depreciation	644,683
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>99,499</u>

Total Capital Assets 847,882

Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds statement.

Unavailable revenue - taxes	16,939
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Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	23,692
Deferred outflows of resources related to other post-employment benefits	1,377
Deferred inflows of resources related to pensions	(31,156)
Deferred inflows of resources related to other post-employment benefits	<u>(2,245)</u>

Total Deferred Outflows and Inflows of Resources (8,332)

Liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Notes payable	(18,046)
Net pension (liability) asset	82,575
Net OPEB (liability) asset	<u>(2,998)</u>

Total Net Position of Governmental Activities \$ 1,474,100

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

Town of Burkeville, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2023

	<u>General Fund</u>	<u>Cemetery Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 101,374	\$ -	\$ 101,374
Other local taxes	152,217	-	152,217
Fines and forfeitures	21,377	-	21,377
Use of money and property	11,763	2,806	14,569
Charges for services	36,426	-	36,426
Recovered costs	20,460	-	20,460
Miscellaneous	18,864	1,623	20,487
<i>Intergovernmental</i>			
Revenue from the Commonwealth of Virginia	49,064	-	49,064
Revenue from Federal government	<u>161,612</u>	<u>-</u>	<u>161,612</u>
Total Revenues	573,157	4,429	577,586
<b>Expenditures</b>			
<b>Current</b>			
General government administration	203,255	-	203,255
Public safety	185,950	-	185,950
Public works	203,873	-	203,873
Parks, recreation, and cultural	19,912	14,939	34,851
Debt service	<u>5,136</u>	<u>-</u>	<u>5,136</u>
Total Expenditures	<u>618,126</u>	<u>14,939</u>	<u>633,065</u>
Excess (Deficiency) of Revenues Over Expenditures	(44,969)	(10,510)	(55,479)
<b>Other Financing Sources (Uses)</b>			
Transfers in (out)	<u>7,766</u>	<u>-</u>	<u>7,766</u>
Total Other Financing Sources (Uses)	<u>7,766</u>	<u>-</u>	<u>7,766</u>
Net Change in Fund Balance	(37,203)	(10,510)	(47,713)
Fund Balance - Beginning of Year (Restated)	<u>541,293</u>	<u>62,500</u>	<u>603,793</u>
Fund Balance - End of Year	<u>\$ 504,090</u>	<u>\$ 51,990</u>	<u>\$ 556,080</u>

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

Town of Burkeville, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities

Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ (47,713)

**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

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 as depreciation expense.

Capitalized assets	\$ 55,992	
Depreciation	<u>(86,318)</u>	
		(30,326)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements, but recognized in the Statement of Activities.

7,710

Bonds, long-term purchase obligations, and lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

Repayments on debt	<u>4,698</u>	
Net Adjustment		4,698

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. Changes in the following accounts are as follows:

Net pension asset	(11,886)	
Deferred inflows - pension	2,303	
Deferred inflows - OPEB	90	
Deferred outflows - pension	13,876	
Deferred outflows - OPEB	(76)	
Net other postemployment benefits	<u>903</u>	
		<u>5,210</u>

Change in Net Position of Governmental Activities \$ (60,421)

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

## Town of Burkeville, Virginia

## Statement of Net Position

## Proprietary Funds

At June 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Accounts receivable	22,197	26,957	49,154
Total Current Assets	22,197	26,957	49,154
<b>Capital Assets</b>			
Land	2,900	-	2,900
Infrastructure	1,616,297	2,136,719	3,753,016
Machinery and equipment	16,711	4,000	20,711
Less: Accumulated depreciation	(1,330,315)	(1,398,688)	(2,729,003)
Total Capital Assets	305,593	742,031	1,047,624
<b>Other Assets</b>			
Net pension asset	24,549	4,464	29,013
Net other postemployment benefits asset	9	2	11
Total Other Assets	24,558	4,466	29,024
Total Assets	352,348	773,454	1,125,802
<b>Deferred Outflows of Resources</b>			
Pension	7,044	1,281	8,325
Other postemployment benefits	409	74	483
Total Deferred Outflows of Resources	7,453	1,355	8,808
Total Assets and Deferred Outflows of Resources	\$ 359,801	\$ 774,809	\$ 1,134,610
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Pooled cash deficit	\$ 102,674	\$ 35,393	\$ 138,067
Accounts payable and accrued expenses	2,492	466	2,958
Customer deposits	20,130	-	20,130
Current portion of general obligation bonds	-	26,317	26,317
Total Current Liabilities	125,296	62,176	187,472
<b>Noncurrent Liabilities</b>			
General obligation bonds (net of current portion)	-	400,161	400,161
Net other postemployment benefits liability	901	164	1,065
Total Noncurrent Liabilities	901	400,325	401,226
Total Liabilities	126,197	462,501	588,698
<b>Deferred Inflows of Resources</b>			
Pension	9,262	1,684	10,946
Other postemployment benefits	667	121	788
Total Deferred Inflows of Resources	9,929	1,805	11,734
<b>Net Position</b>			
Net investment in capital assets	305,593	315,553	621,146
Unrestricted (deficit)	(81,918)	(5,050)	(86,968)
Total Net Position	223,675	310,503	534,178
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 359,801	\$ 774,809	\$ 1,134,610

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

## Town of Burkeville, Virginia

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

## Proprietary Funds

Year Ended June 30, 2023

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues</b>			
Charges for services	\$ 103,577	\$ 114,011	\$ 217,588
Connection and other fees	4,525	-	4,525
Miscellaneous	<u>6,045</u>	<u>5,228</u>	<u>11,273</u>
Total Operating Revenues	114,147	119,239	233,386
<b>Operating Expenses</b>			
Salaries and wages	38,968	18,077	57,045
Fringe benefits	9,490	6,329	15,819
Chemicals	9,035	-	9,035
Depreciation	37,061	53,517	90,578
Insurance	5,638	3,687	9,325
Miscellaneous	1,509	315	1,824
Repairs and maintenance	43,732	17,577	61,309
Sewer treatment	-	16,138	16,138
Utilities	11,012	7,019	18,031
Vehicle	2,139	1,043	3,182
Water sample fees	<u>1,191</u>	<u>-</u>	<u>1,191</u>
Total Operating Expenses	<u>159,775</u>	<u>123,702</u>	<u>283,477</u>
Operating Loss	(45,628)	(4,463)	(50,091)
<b>Nonoperating Revenues (Expenses)</b>			
Interest expense on bonds	-	(19,812)	(19,812)
Gain on sale of assets	<u>5,850</u>	<u>-</u>	<u>5,850</u>
Total Nonoperating Revenues (Expenses)	<u>5,850</u>	<u>(19,812)</u>	<u>(13,962)</u>
Loss Before Operating Transfers	(39,778)	(24,275)	(64,053)
Operating Transfers In (Out)	<u>(7,387)</u>	<u>(379)</u>	<u>(7,766)</u>
Change in Net Position	(47,165)	(24,654)	(71,819)
Total Net Position - Beginning of Year	<u>270,840</u>	<u>335,157</u>	<u>605,997</u>
Total Net Position - End of Year	<u>\$ 223,675</u>	<u>\$ 310,503</u>	<u>\$ 534,178</u>

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

## Town of Burkeville, Virginia

Statement of Cash Flows  
Proprietary Funds

Year Ended June 30, 2023

Business-Type Activities - Enterprise Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 114,366	\$ 121,297	\$ 235,663
Payments to personnel and related costs	(50,006)	(24,689)	(74,695)
Payments to suppliers	<u>(62,823)</u>	<u>(51,205)</u>	<u>(114,028)</u>
Net Cash Provided by Operating Activities	1,537	45,403	46,940
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from (to) other funds	<u>(7,387)</u>	<u>(379)</u>	<u>(7,766)</u>
Net Cash Used in Noncapital Financing Activities	(7,387)	(379)	(7,766)
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from sale of assets	5,850	-	5,850
Principal paid on capital debt	-	(25,212)	(25,212)
Interest paid on capital debt	<u>-</u>	<u>(19,812)</u>	<u>(19,812)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>5,850</u>	<u>(45,024)</u>	<u>(39,174)</u>
Net (Increase) Decrease in Cash	-	-	-
Cash - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Cash - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>			
Operating loss	\$ (45,628)	\$ (4,463)	\$ (50,091)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities</i>			
Depreciation expense	37,061	53,517	90,578
<i>Changes in assets and liabilities</i>			
Receivables	(1,456)	2,058	602
Pooled cash deficit	8,985	(5,892)	3,093
Accounts payable and accrued expenses	2,448	466	2,914
Customer deposits	1,675	-	1,675
Deferred outflows - OPEB	23	4	27
Deferred outflows - pension	(4,125)	(750)	(4,875)
Net pension asset	3,534	642	4,176
Net OPEB asset	9	1	10
Net OPEB liability	(277)	(50)	(327)
Deferred inflows - OPEB	(27)	(5)	(32)
Deferred inflows - pension	<u>(685)</u>	<u>(125)</u>	<u>(810)</u>
Net Cash Provided by Operating Activities	<u>\$ 1,537</u>	<u>\$ 45,403</u>	<u>\$ 46,940</u>

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

## Town of Burkeville, Virginia

### Notes to the Financial Statements

Year Ended June 30, 2023

## 1 Summary of Significant Accounting Policies

### *Narrative Profile*

The Town of Burkeville, Virginia (the "Town"), which was founded in 1877, has a population of approximately 485 living within an area of 1 square mile. The Town is located in the western area in Nottoway County, Virginia. The Town is governed by a Town Mayor and a seven-member Town Council with each serving administrative and legislative functions.

The Town engages in a comprehensive range of municipal services, including general government administration, public safety, public works, and parks, recreation, and cultural.

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

#### **1-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 the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity.

#### **1-B. Financial Reporting Model**

The Town's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, and required supplementary information, described as follows:

**Management's Discussion and Analysis** – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the Town's financial activities.

**Government-wide Financial Statements** – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Town as a whole. These financial statements focus on the primary government; as such, individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Town's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the Town at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each identifiable activity of the business-type activities of the Town. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The Town does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not considered to be program revenues are reported as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the Town.

**Fund Financial Statements** – During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Fund financial statements are provided for governmental and proprietary funds.

Major individual governmental and proprietary funds are reported in separate columns.

**Reconciliation of Government-wide and Fund Financial Statements** – Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total governmental activities net position as shown on the government-wide Statement of Net Position is presented. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net position of governmental activities as shown on the government-wide Statement of Activities is presented.

**Budgetary Comparison Schedules** – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many more other governments revise their original budgets over the course of the year for a variety of reasons.

***GASB-Required Supplementary Pension*** – GASB issued Statement No. 68–*Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

***GASB-Required Supplementary OPEB*** – GASB issued Statement No. 75–*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

#### **1-C. Financial Statement Presentation**

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. The following is a brief description of the funds reported by the Town in each of its fund types in the financial statements:

***Governmental Funds*** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the Town’s major governmental funds:

- ***General Fund*** – The General Fund is the primary operating fund of the Town and accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.
- ***Special Revenue Funds*** – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:
  - ***Cemetery Fund*** – This fund accounts for Town revenues collected and disbursed for maintenance of the Cemetery Fund controlled by the Town.
- ***Capital Projects Funds*** – The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. There are no Capital Projects at this time.
- ***Proprietary Funds*** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has two enterprise funds, the Water Fund and Sewer Fund, which accounts 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.

- ***Fiduciary Funds (Custodial Funds)*** – Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no Fiduciary Funds at this time.

#### **1-D. Measurement Focus and Basis of Accounting**

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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government administration, public safety, public works, parks, recreation, and cultural, etc.) which are otherwise being supported by general government revenues, (property taxes, 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 (general government administration, public safety, public works, parks, recreation, and cultural, etc.) or a business-type activity.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and, subsequently, remitted to the Town, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the Town.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

**1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity**

***1-E-1 Cash and Cash Equivalents***

The Town operates a cash and investment pool which all funds utilize with the exception of the Cemetery Fund, which has a separate bank account. The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The Town allocates investment earnings of the cash and investment pool to each participating fund on a monthly basis in accordance with that fund's average equity balance in the pool for that month.

***1-E-2 Investments***

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

***1-E-3 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 portions of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

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. Management deems that no allowance amount is necessary at this time.

### *Real and Personal Property Tax Data*

The tax calendars for real and personal property taxes are summarized below:

#### Real Property   Personal Property

Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The Town bills and collects its own property taxes.

A 10% or \$2.00 penalty, whichever is greater, is levied on all taxes not collected on or before their due date. An interest charge of 10% per annum is also levied on such taxes beginning on January 1.

#### **1-E-4 Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

#### **1-E-5 Capital Assets**

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The Town reports these assets in the governmental activities column of the government-wide Statement of Net Position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the enterprise funds' Statement of Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of \$500. The Town's infrastructure consists primarily of water distribution and waste water collection systems. Improvements to capital assets are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	10 to 40 years
Furniture and other equipment	5 to 25 years

#### **1-E-6 Deferred Outflows/Inflows of Resources**

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category also includes amounts related to pensions for certain actuarially determined differences between projected and actual investment earnings.

The Statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenue received in advance, and amounts related to pensions for certain actuarially determined differences between projected and actual experience.

Deferred Inflows of Resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans, and notes receivable.

#### ***1-E-7 Pensions***

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. 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 Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision'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.

#### ***1-E-8 Group Life Insurance Program***

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### ***1-E-9 Political Subdivision Employee Virginia Local Disability Program***

The Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program is a multiple-employer, cost-sharing plan. For purposes of measuring the net Political Subdivision Employee Virginia Local Disability Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee Virginia Local Disability Program OPEB, and the Political Subdivision Employee Virginia Local Disability Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Employee Virginia Local Disability Program; and the additions to/deductions from the VRS Political Subdivision Employee Virginia Local Disability Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **1-E-10 Fund Equity**

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

**Governmental Fund Balances** – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

**Net Position** – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

**Net Position Flow Assumptions** - 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.

**Fund Balance Flow Assumptions** - Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental 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 fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### ***1-E-11 Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are charges for services for utilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All other items that do not directly relate to the principal and usual activity of the fund are recorded as nonoperating revenues and expenses. These items include investment earnings and gains or losses on the disposition of capital assets.

#### ***1-E-12 Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in the governmental funds and after the non-operating revenues/expenses section in proprietary funds.

#### ***1-E-13 Long-Term Obligations***

The Town reports long-term debt of Governmental Funds at face value in the general long-term debt account group. The face value of the debt is believed to approximate fair value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities in the appropriate funds.

#### ***1-E-14 Adoption of New GASB Statements***

The Town adopted the following GASB statements during the year ended June 30, 2023:

In March 2020, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 is effective for fiscal years beginning after June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the Town.

In May 2020, Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB Statement No. 96 is effective for fiscal year ending June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the Town.

#### **1-F. Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## **2 Stewardship, Compliance, and Accountability**

### **Budgets and Budgetary Accounting**

The Town Council annually adopts budgets for the various funds of the primary government. All appropriations are legally controlled at the department level for the primary Government Funds. Unexpended appropriations lapse at the end of each fiscal year.

#### *Budgetary Data*

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

1. Prior to May 1, the Town Mayor submits to the Town Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget 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, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.

#### **Expenditures in Excess of Appropriations**

General fund expenditures exceeded appropriations.

#### **Fund Deficits**

No governmental funds had fund deficits.

### 3 Deposits and Investments

#### *Deposits*

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

#### *Investments*

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

#### *Custodial Credit Risk*

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town does not have custodial credit risk policies for investments.

#### *Interest Rate Risk*

This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest.

The Town's investments consist of the following:

	<u>Fair Value</u>	<u>Investment Maturity (in Years)</u>
Certificates of Deposit	\$ 355,043	Less than 1 year

#### *Credit Risk*

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

The Town's investments by credit rating consist of the following:

<u>Rating (Moody's or S&amp;P)</u>	<u>Fair Value</u>
Unrated	\$ 355,043

Cash and investments are reflected in the financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Deposits and Investments</b>			
Cash on hand	\$ 100	\$ -	\$ 100
Demand deposits (deficit)	365,442	(138,067)	227,375
Certificates of deposit	<u>355,043</u>	<u>-</u>	<u>355,043</u>
	<u>\$ 720,585</u>	<u>\$ (138,067)</u>	<u>\$ 582,518</u>
<b>Statement of Net Position</b>			
<b>Deposits and Investments</b>			
Cash and cash equivalents	<u>\$ 720,585</u>	<u>\$ (138,067)</u>	<u>\$ 582,518</u>

#### 4 Receivables

Receivables at June 30, 2023 consist of the following:

	<u>Primary Government</u>				
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		<u>Total</u>	<u>Total Primary Government</u>
		<u>Water</u>	<u>Sewer</u>		
Property taxes	\$ 16,939	\$ -	\$ -	\$ -	\$ 16,939
Other	10,797	-	-	-	10,797
Service revenue	<u>9,469</u>	<u>22,197</u>	<u>26,957</u>	<u>49,154</u>	<u>58,623</u>
Subtotal	37,205	22,197	26,957	49,154	86,359
Less: Allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Receivables	<u>\$ 37,205</u>	<u>\$ 22,197</u>	<u>\$ 26,957</u>	<u>\$ 49,154</u>	<u>\$ 86,359</u>

#### 5 Interfund Transfers

Interfund transfers for the Year Ended June 30, 2023 consisted of the following:

<b>Primary Government</b>	<u>Transfer to</u>	<u>Transfer from</u>
<b>General Fund</b>		
From Water Fund	\$ -	\$ 7,387
From Sewer Fund	-	379
<b>Water Fund</b>		
To General Fund	7,387	-
<b>Sewer Fund</b>		
To General Fund	<u>379</u>	<u>-</u>
Total Transfers	<u>\$ 7,766</u>	<u>\$ 7,766</u>

Transfers between funds were primarily to support operations of the funds.

## 6 Capital Assets

The following is a summary of changes in capital assets:

### Governmental Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 103,700	\$ -	\$ -	\$ 103,700
Total Capital Assets Not Being Depreciated	103,700	-	-	103,700
<b>Other Capital Assets</b>				
Buildings and improvements	1,904,458	-	-	1,904,458
Furniture, equipment, and vehicles	837,351	56,283	6,995	886,639
Total Other Capital Assets	2,741,809	56,283	6,995	2,791,097
<b>Less: Accumulated depreciation for</b>				
Buildings and improvements	1,212,164	47,611	-	1,259,775
Furniture, equipment, and vehicles	755,137	38,707	6,704	787,140
Total Accumulated Depreciation	1,967,301	86,318	6,704	2,046,915
Other Capital Assets, Net	774,508	(30,035)	291	744,182
Net Capital Assets	\$ 878,208	\$ (30,035)	\$ 291	\$ 847,882

Depreciation expense was allocated as follows:

General government administration	\$ 10,898
Public safety	44,327
Public works	22,651
Parks, recreation, and cultural	8,442
Total Depreciation Expense	\$ 86,318

*The remainder of this page is left blank intentionally.*

## Business-Type Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 2,900	\$ -	\$ -	\$ 2,900
Total Capital Assets Not Being Depreciated	2,900	-	-	2,900
<b>Other Capital Assets</b>				
Infrastructure	20,711	-	-	20,711
Machinery and equipment	3,757,016	-	4,000	3,753,016
Total Other Capital Assets	3,777,727	-	4,000	3,773,727
<b>Less: Accumulated depreciation for</b>				
Infrastructure	2,624,521	90,111	-	2,714,632
Machinery and equipment	17,904	467	4,000	14,371
Total Accumulated Depreciation	2,642,425	90,578	4,000	2,729,003
Other Capital Assets, Net	1,135,302	(90,578)	-	1,044,724
Net Capital Assets	\$ 1,138,202	\$ (90,578)	\$ -	\$ 1,047,624

## 7 Compensated Absences

Each Town employee earns vacation of a maximum of three weeks a year. Sick leave is earned at 4 to 6 hours a month and no more than 60 hours can be accumulated. No provision has been recorded for compensated absences due to lack of materiality.

## 8 Long-Term Debt

### PRIMARY GOVERNMENT

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

Year(s) Ended June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 4,799	\$ 337	\$ 26,317	\$ 18,707
2025	4,902	234	27,526	17,498
2026	5,007	129	28,791	16,233
2027	3,338	26	30,114	14,910
2028	-	-	31,497	13,527
2029-2033	-	-	180,565	44,555
2034-2037	-	-	101,668	5,908
Total	\$ 18,046	\$ 726	\$ 426,478	\$ 131,338

## Changes in Long-Term Debt

The following is a summary of changes in long-term obligations of the Town:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
<b>Primary Government</b>					
<b>Governmental Activities</b>					
United States Department of Agriculture Rural Development note payable with an original balance of \$24,300. The note is payable in 60 monthly installments of \$428 with a stated interest rate of 2.125%.	\$ 22,744	\$ -	\$ 4,698	\$ 18,046	\$ 4,799
Total Governmental Activities	22,744	-	4,698	18,046	4,799
<b>Business-Type Activities</b>					
<b>Enterprise Fund</b>					
General Obligation Bond, Series 1995 payable to the Rural Economic and Community Development of the United States Department of Agriculture. The bond was payable with interest only at a rate of 4.5% on December 14, 1996 and 1997. Thereafter, it is payable in monthly installments of \$2,375 for 40 years.	284,390	-	16,029	268,361	16,560
General Obligation Bond, Series 1996 payable to the Rural Economic and Community Development of the United States Department of Agriculture. The bond was payable with interest only at a rate of 4.5% on April 22, 1997 and 1998. Thereafter, it is payable in monthly installments of \$1,377 for 40 years.	167,300	-	9,183	158,117	9,757
Total Business-Type Activities - Enterprise Fund	451,690	-	25,212	426,478	26,317
Total Primary Government	\$ 474,434	\$ -	\$ 29,910	\$ 444,524	\$ 31,116

## 9 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2023 is determined as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>
<b>Net Investment in Capital Assets</b>		
Cost of capital assets	\$ 2,894,797	\$ 3,776,627
Less: Accumulated depreciation	(2,046,915)	(2,729,003)
Book value	847,882	1,047,624
Less: Capital related debt	(18,046)	(426,478)
Net Investment in Capital Assets	<u>\$ 829,836</u>	<u>\$ 621,146</u>

## 10 Deferred Inflows of Resources and Unearned Revenue

Deferred inflows of resources and unearned revenue are comprised of the following:

### **Governmental Funds - General Fund**

#### **Deferred Inflows of Resources**

Delinquent taxes not collected within 60 days	\$ 16,939
Total Deferred Inflows of Resources	<u>\$ 16,939</u>

## 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 Risk Sharing 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 pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool 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 employee dishonesty 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.

Surety bond coverage is as follows:

<u>Appointed Officer Insured through VRSA</u>	<u>Amount</u>
Clerk/Treasurer	\$ 100,000

## 12 Commitments and Contingencies

If applicable, federal programs in which the Town participates were audited in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

## 13 Litigation

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

## 14 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed ten percent of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.

### Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Property	<u>\$ 27,338,155</u>
Debt Limits per Constitution of Virginia - 10% Assessed Value	\$ 2,733,816
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross Debt	<u>18,046</u>
Legal Debt Margin - June 30, 2023	<u>\$ 2,715,770</u>

**Note:** Includes all long-term general obligation bonded debt.

## 15 Pension Plan

### Plan Description

All full-time, salaried permanent employees of the Political Subdivision are automatically covered by VRS Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer are paying 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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

**RETIREMENT PLAN PROVISIONS**

**PLAN 1**

*About Plan 1*

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

*Eligible Members*

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

*Hybrid Opt-In Election*

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

**PLAN 2**

*About Plan 2*

Same as Plan 1

*Eligible Members*

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

*Hybrid Opt-In Election*

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

**HYBRID  
RETIREMENT PLAN**

*About the Hybrid Retirement Plan*

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

*Eligible Members*

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees\*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

*\*Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

**PLAN 1**

**Retirement Contributions**

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

**Service Credit**

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

**Vesting**

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

**PLAN 2**

**Retirement Contributions**

Same as Plan 1.

**Service Credit**

Same as Plan 1.

**Vesting**

Same as Plan 1.

**HYBRID  
RETIREMENT PLAN**

**Retirement Contributions**

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

**Service Credit**

**Defined Benefit Component:**

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

**Defined Contributions Component:**

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

**Vesting**

**Defined Benefit Component:**

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

**Defined Contributions Component:**

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

**PLAN 1**

***Calculating the Benefit***

The Basic Benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

***Average Final Compensation***

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

***Service Retirement Multiplier***

**VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

**Sheriffs and regional jail superintendents:** The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

**Political subdivision hazardous duty employees:** The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

**PLAN 2**

***Calculating the Benefit***

See definition under Plan 1.

***Average Final Compensation***

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

***Service Retirement Multiplier***

**VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

**Sheriffs and regional jail superintendents:** Same as Plan 1.

**Political subdivision hazardous duty employees:** Same as Plan 1.

**HYBRID  
RETIREMENT PLAN**

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution not required, except as governed by law .

***Calculating the Benefit***

**Defined Benefit Component:**

See definition under Plan 1.

**Defined Contribution Component:**

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

***Average Final Compensation***

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

***Service Retirement Multiplier***

**Defined Benefit Component:**

**VRS:** The retirement multiplier for the defined benefit component 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.

**Sheriffs and regional jail superintendents:** Not applicable.

**Political subdivision hazardous duty employees:** Not applicable.

**Defined Contribution Component**

Not applicable.

**PLAN 1**  
*Normal Retirement Age*

VRS: Age 65.

**Political subdivisions hazardous duty employees:**  
Age 60.

***Earliest Unreduced Retirement Eligibility***

VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

**Political subdivisions hazardous duty employees:**  
Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

***Earliest Reduced Retirement Eligibility***

VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

**Political subdivisions hazardous duty employees:**  
Age 50 with at least five years of service credit.

***Cost-of-Living Adjustment (COLA) in Retirement***

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

***Eligibility:***

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the

**PLAN 2**  
*Normal Retirement Age*

VRS: Normal Social Security retirement age.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

***Earliest Unreduced Retirement Eligibility***

VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

***Earliest Reduced Retirement Eligibility***

VRS: Age 60 with at least five years (60 months) of service credit.

**Political subdivisions hazardous duty employees:**  
Same as Plan 1.

***Cost-of-Living Adjustment (COLA) in Retirement***

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

***Eligibility:***

Same as Plan 1

**HYBRID  
RETIREMENT PLAN**  
*Normal Retirement Age*

**Defined Benefit Component:**

VRS: Same as Plan 2.

**Political subdivisions hazardous duty employees:**  
Not applicable.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Earliest Unreduced Retirement Eligibility***

**Defined Benefit Component:**

VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90.

**Political subdivisions hazardous duty employees:**  
Not applicable.

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Earliest Reduced Retirement Eligibility***

**Defined Benefit Component:**

VRS: Age 60 with at least five years (60 months) of service credit.

**Political subdivisions hazardous duty employees:**  
Not applicable

**Defined Contribution Component:**

Members are eligible to receive distributions upon leaving employment, subject to restrictions.

***Cost-of-Living Adjustment (COLA) in Retirement***

**Defined Benefit Component:**

Same as Plan 2

**Defined Contribution Component:**

Not applicable

***Eligibility:***

Same as Plan 1 and Plan 2

### **PLAN 1**

#### *Exceptions to COLA Effective Dates:*

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

#### ***Disability Coverage***

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

#### ***Purchase of Prior Service***

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

### **PLAN 2**

#### *Exceptions to COLA Effective Dates:*

Same as Plan 1

#### ***Disability Coverage***

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

#### ***Purchase of Prior Service***

Same as Plan 1

### **HYBRID RETIREMENT PLAN**

#### *Exceptions to COLA Effective Dates:*

Same as Plan 1 and Plan 2

#### ***Disability Coverage***

Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

#### ***Purchase of Prior Service***

##### **Defined Benefit Component:**

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

##### **Defined Contribution Component:**

Not applicable

### **Employees Covered by Benefit Terms**

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	2
Inactive members:	
Vested inactive members	0
Non-vested inactive members	0
LTD	0
Inactive members active elsewhere in VRS	<u>1</u>
Total inactive members	1
Active members	<u>2</u>
Total covered employees	<u>5</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.

**If the employer used the certified rate:** The Town of Burkeville, Virginia's contractually required contribution rate for the year ended June 30, 2023 was 0% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town of Burkeville, Virginia were \$-0- and \$3,528 for the years ended June 30, 2023 and June 30, 2022, respectively.

### **Net Pension Liability**

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

### **Actuarial Assumptions – General Employees**

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service 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 in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

**Mortality rates:**

All Others (Non 10 Largest) – Hazardous Duty; 45% of deaths are assumed to be service related.

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

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

**Mortality Improvement:**

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

**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:

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

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

*\*\*On October 10, 2019, the VRS Board elected a long-term rate of 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%.*

**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; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2022, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers 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**

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
Balances at June 30, 2021	\$ 289,002	\$ 416,652	\$ (127,650)
<b>Changes for the Year</b>			
Service cost	5,295	-	5,295
Interest	19,104	-	19,104
Assumption changes	-	-	-
Differences between expected and actual experience	(1,812)	-	(1,812)
Contributions - employer	-	3,528	(3,528)
Contributions - employee	-	3,416	(3,416)
Net investment income	-	(166)	166
Benefit payments, including refunds refunds of employee contributions	(22,564)	(22,564)	-
Administrative expenses	-	(262)	262
Other changes	-	9	(9)
Net Changes	<u>23</u>	<u>(16,039)</u>	<u>16,062</u>
Balances at June 30, 2022	<u>\$ 289,025</u>	<u>\$ 400,613</u>	<u>\$ (111,588)</u>

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

The following presents the net pension liability of the Town of Burkeville, Virginia using the discount rate of 6.75%, as well as what the Town of Burkeville, Virginia'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:

**1.00% Decrease    Current Discount    1.00% Increase**  
**(5.75%)                      Rate (6.75%)                      (7.75%)**

Political subdivision's				
Net Pension Liability (Asset)	\$	(85,245)	\$	(111,588)
			\$	(134,087)

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

For the Year Ended June 30, 2023, the Town of Burkeville, Virginia recognized pension expense/(income) of \$(5,801). At June 30, 2023, the Town of Burkeville, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows</u></b>	<b><u>Deferred Inflows</u></b>
	<b><u>of Resources</u></b>	<b><u>of Resources</u></b>
Differences between expected and actual experience	\$ 3,374	\$ 1,093
Change in assumptions	-	31
Net difference between projected and actual earnings on pension plan investments	28,643	40,978
Employer contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u>\$ 32,017</u>	<u>\$ 42,102</u>

\$-0- reported as deferred outflows of resources related to pensions resulting from the Town of Burkeville, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended**  
**June 30,**

2024	\$ (2,196)
2025	(5,330)
2026	(8,109)
2027	5,550
2028	-

***Pension Plan Data***

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

***Payables to the Pension Plan***

The political subdivision recognizes \$547 of payables to a defined benefit pension plan outstanding at the end of the reporting period. This amount represents the June 2023 legally required contribution to the pension plan due by July 10 per VRS reporting requirements.

# 16 Other Post Employment Benefits Group Life Insurance Program

## Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is 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 Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the Group Life Insurance Program OPEB. The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"><li>• City of Richmond</li><li>• City of Portsmouth</li><li>• City of Roanoke</li><li>• City of Norfolk</li><li>• Roanoke City Schools Board</li></ul> <p>Basic group life insurance 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.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"><li>• <i>Natural Death Benefit:</i> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• <i>Accidental Death Benefit:</i> The accidental death benefit is double the natural death benefit.</li><li>• <i>Other Benefit Provisions:</i> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>Accidental dismemberment benefit</li><li>Safety belt benefit</li><li>Repatriation benefit</li><li>Felonious assault benefit</li><li>Accelerated death benefit option</li></ul></li></ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program 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.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years' creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.</p>

### Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the Year Ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$731 and \$405 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

### **GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB**

At June 30, 2023, the participating employer reported a liability of \$4,094 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was .00034% as compared to .00046% at June 30, 2021.

For the Year Ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$(320). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 324	\$ 164
Net difference between projected and actual earnings on GLI OPEB program investments	-	256
Change in assumptions	153	399
Changes in proportionate share	202	2,103
Employer contributions subsequent to the measurement date	<u>731</u>	<u>-</u>
Total	<u>\$ 1,410</u>	<u>\$ 2,922</u>

\$731 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<b>Year Ended</b>		
<b><u>June 30,</u></b>		
2024	\$	(522)
2025		(521)
2026		(644)
2027		(248)
2028		(308)
Thereafter		-

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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 and 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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 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 Group Life Insurance 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, 2022, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

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

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the System’s investments was determined using a lognormal 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:

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

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

\*\*On October 10, 2019, the VRS Board elected a long-term rate of 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 median return of 7.11%, including expected inflation of 2.50%.

### **Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

### **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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
State Agency's Proportionate Share of the Group Life Insurance Plan Net OPEB Liability	\$ 5,957	\$ 4,094	\$ 2,588

**Group Life Insurance Program Fiduciary Net Position**

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

**Payables to the VRS Group Life Insurance OPEB Plan**

The political subdivision recognizes \$156 of payables to a group life insurance OPEB plan outstanding at the end of the reporting period. This amount represents June 2023 legally required contributions to the pension plan due by July 10 per VRS reporting requirements.

**17 Other Post-Employment Benefits Political Subdivision Employee Virginia Local Disability Program**

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the *Code of Virginia*, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

**POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS**

**Eligible Employees**

The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits

Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:

- Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.

**Benefit Amounts**

The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

Short-Term Disability:

- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels

Long-Term Disability:

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

**Virginia Local Disability Program Notes:**

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

**Contributions**

The contribution requirement for active hybrid plan employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2023 was 0.85% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 from the political subdivision to the VRS Political Subdivision Employee Virginia Local Disability Program were \$326 and \$278 for the years ended June 30, 2023 and June 30, 2022, respectively.

***Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Political Subdivision Employee Virginia Local Disability Program OPEB***

At June 30, 2023, the political subdivision reported a liability (asset) of \$(42) for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2022 and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was .00715% as compared to .00819% at June 30, 2021.

For the year ended June 30, 2023, the political subdivision recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of \$240. Since there was a change in proportionate share between measurement dates a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 59	\$ 90
Net difference between projected and actual earnings on Political Subdivision VLDP OPEB program investments	-	-
Change in assumptions	2	15
Changes in proportion	63	6
Employer contributions subsequent to the measurement date	<u>326</u>	<u>-</u>
Total	<u>\$ 450</u>	<u>\$ 111</u>

\$326 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

<b>Year Ended</b>	
<b><u>June 30,</u></b>	
2024	\$ 7
2025	6
2026	(10)
2027	10
2028	3
Thereafter	(3)

***Actuarial Assumptions***

The total Political Subdivision Employee VLDP OPEB liability for the VRS Political Subdivision Employee Virginia Local Disability Program was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation - Political subdivision employees	3.50% - 5.35%
Investment rate of return	6.75%, including inflation

**Mortality rates – Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees**

Pre-Retirement:

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

Post-Retirement:

Pub-2010 Amount Weighted General 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 General Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

***Net Political Subdivision Employee VLDP OPEB Liability***

The net OPEB liability (NOL) for the Political Subdivision Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Political Subdivision Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	<b>Political Subdivision Employee VLDP OPEB Plan</b>	
Total Political Subdivision Employee VLDP OPEB Liability	\$	7,360
Plan Fiduciary Net Position		<u>7,948</u>
Political Subdivision Employee VLDP Net OPEB Liability (Asset)	\$	<u>(588)</u>
Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision Employee VLDP OPEB Liability		107.99%

The total Political Subdivision Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Political Subdivision Employee VLDP 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 VRS 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 VRS 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:

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

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

\*\*On October 10, 2019, the VRS Board elected a long-term rate of 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%.

### Discount Rate

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB 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 at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB 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 Political Subdivision Employee VLDP OPEB liability.

**Sensitivity of the Political Subdivision's Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate**

The following presents the political subdivision's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 6.75%, as well as what the political subdivision's proportionate share of the net VLDP 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:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
Covered Employers Proportionate Share of the VRS Political Subdivision Employee VLDP OPEB Plan Net OPEB Liability (Asset)	\$ <u>4</u>	\$ <u>(42)</u>	\$ <u>(82)</u>

**Political Subdivision Employee VLDP OPEB Fiduciary Net Position**

Detailed information about the VRS Political Subdivision Employee Virginia Local Disability Program's Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2022-annual-report.pdf](http://varetire.org/Pdf/Publications/2022-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Payables to the Political Subdivision Employee Virginia Local Disability Program OPEB Plan**

The political subdivision recognizes \$28 of payables to a local disability program OPEB plan outstanding at the end of the reporting period. This amount represents June 2023 legally required contributions to the pension plan due by July 10 per VRS reporting requirements.

## 18 Aggregate OPEB Information

	<b>Primary Government</b>				
	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>	<b>Net OPEB Liability</b>	<b>Net OPEB (Asset)</b>	<b>OPEB Expense</b>
<b>VRS OPEB Plans</b>					
<i>Group Life Insurance</i>					
Primary Government	\$ 1,410	\$ 2,922	\$ 4,094	\$ -	\$ (320)
<i>Virginia Local Disability Program</i>					
Primary Government	<u>450</u>	<u>111</u>	<u>-</u>	<u>(42)</u>	<u>240</u>
Totals	<u>\$ 1,860</u>	<u>\$ 3,033</u>	<u>\$ 4,094</u>	<u>\$ (42)</u>	<u>\$ (80)</u>

## 19 Fund Balances

The following is a summary of amounts that are classified as nonspendable, restricted, committed, or assigned fund balance as applicable on the governmental funds balance sheet:

	<u>Cemetery Fund</u>
Assigned for cemetery maintenance	<u>\$ 51,990</u>

## 20 Restatement

Beginning balances were restated due to the following:

	<u>Governmental Activities</u>	<u>General Fund</u>
Balance July 1, 2022	\$ 1,539,817	\$ 546,589
Adjustment to properly record prior year deferred revenue	<u>(5,296)</u>	<u>(5,296)</u>
Restated July 1, 2022	<u>\$ 1,534,521</u>	<u>\$ 541,293</u>

## 21 Upcoming Pronouncements

GASB Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. An Amendment of GASB Statement No. 62 – will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - requires recording compensation due to employees as a liability if not paid at the date of the financial statements. The amount due should be calculated at the employee's pay rate as of the date of financials. The Statement reduces the note disclosure and excludes certain compensated absences such as parental leave, military leave, and jury duty from the calculated liability. This Statement is effective for fiscal years beginning after December 15, 2023.

## 22 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the Year Ended June 30, 2023. Management has performed their analysis through February 10, 2026.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**Town of Burkeville, Virginia**  
Budgetary Comparison Schedule  
Year Ended June 30, 2023  
**General Fund**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<b>Revenues</b>				
<b>General Property Taxes</b>				
Real estate and public service taxes	\$ 41,500	\$ 41,500	\$ 44,130	\$ 2,630
Personal property and mobile home taxes	62,000	62,000	55,294	(6,706)
Delinquent taxes	5,500	5,500	1,950	(3,550)
Penalties and interest on taxes	800	800	-	(800)
Total General Property Taxes	109,800	109,800	101,374	(8,426)
<b>Other Local Taxes</b>				
Local sales and use taxes	30,500	30,500	28,989	(1,511)
Utility taxes	1,440	1,440	1,697	257
Motor vehicle licenses	6,000	6,000	9,612	3,612
Business license taxes	20,000	20,000	25,669	5,669
Bank stock tax	18,000	18,000	16,336	(1,664)
Meals tax	18,000	18,000	24,785	6,785
Lodging tax	79,080	79,080	45,129	(33,951)
Total Other Local Taxes	173,020	173,020	152,217	(20,803)
<b>Fines and Forfeitures</b>	4,657	4,657	21,377	16,720
<b>Revenue from Use of Money and Property</b>	3,300	3,300	11,763	8,463
<b>Charges for Services</b>	36,000	36,000	36,426	426
<b>Recovered Costs</b>				
Fire Department	11,400	11,400	20,460	9,060
Total Recovered Costs	11,400	11,400	20,460	9,060
<b>Miscellaneous</b>				
Miscellaneous	5,500	5,500	12,814	7,314
Recreational Park	3,000	3,000	6,050	3,050
Total Miscellaneous	8,500	8,500	18,864	10,364
<b>Intergovernmental</b>				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Noncategorical Aid</i>				
Communication tax	1,200	1,200	1,239	39
Personal Property Tax Relief Act (PPTRA)	9,800	9,800	9,765	(35)
Emergency management - winter storm relief	-	-	2,446	2,446
Rolling stock taxes - motor vehicle carriers tax	7,000	7,000	6,667	(333)
Total Noncategorical Aid	18,000	18,000	20,117	2,117
<i>Categorical Aid</i>				
Law enforcement grant	12,000	12,000	13,947	1,947
Fire program	15,000	15,000	15,000	-
Total Categorical Aid	27,000	27,000	28,947	1,947
Total Revenue from the Commonwealth of Virginia	45,000	45,000	49,064	4,064
<i>Revenue from the Federal Government</i>				
American Rescue Plan Act	-	-	137,152	137,152
FEMA	-	-	24,460	24,460
Total Revenue from the Federal Government	-	-	161,612	161,612
Total Intergovernmental Revenue	45,000	45,000	210,676	165,676
Total Revenues	391,677	391,677	573,157	181,480

Variance  
With  
Final Budget  
Positive  
(Negative)

Original  
Budget  
Final  
Budget  
Actual

**Expenditures**

**General Government Administration**

Salaries	40,000	40,000	44,312	(4,312)
Fringe benefits	27,238	27,238	20,713	6,525
Legal and accounting	12,600	12,600	11,724	876
Advertising	5,000	5,000	2,675	2,325
Insurance and bonds	800	800	1,368	(568)
Office supplies and postage	7,700	7,700	8,494	(794)
Telephone and utilities	8,000	8,000	18,027	(10,027)
Dues and memberships	3,000	3,000	12,099	(9,099)
Professional fees	-	-	68,670	(68,670)
Miscellaneous	5,600	5,600	15,173	(9,573)
<b>Total General Government Administration</b>	<b>109,938</b>	<b>109,938</b>	<b>203,255</b>	<b>(93,317)</b>

**Public Safety**

*Police Department*

Salaries	54,000	54,000	62,528	(8,528)
Fringe benefits	15,009	15,009	12,486	2,523
Office supplies	4,000	4,000	7,122	(3,122)
Insurance	3,000	3,000	4,068	(1,068)
Vehicle	9,000	9,000	23,560	(14,560)
Radio and maintenance	500	500	304	196
Uniforms and supplies	1,500	1,500	1,639	(139)
Miscellaneous	5,100	5,100	4,502	598
<b>Total Police Department</b>	<b>92,109</b>	<b>92,109</b>	<b>116,209</b>	<b>(24,100)</b>

*Fire Department*

Insurance	30,500	30,500	38,004	(7,504)
Grant funds	15,000	15,000	15,000	-
Dispatchers	2,100	2,100	1,438	662
Supplies and fuel	9,000	9,000	4,118	4,882
Telephone and utilities	5,400	5,400	7,082	(1,682)
Vehicle	8,500	8,500	4,099	4,401
<b>Total Fire Department</b>	<b>70,500</b>	<b>70,500</b>	<b>69,741</b>	<b>759</b>

**Total Public Safety** 162,609 162,609 185,950 (23,341)

**Public Works**

*Building and Grounds*

Repairs and maintenance	11,050	11,050	23,806	(12,756)
Capital outlay	-	-	56,283	(56,283)
<b>Total Building and Grounds</b>	<b>11,050</b>	<b>11,050</b>	<b>80,089</b>	<b>(69,039)</b>

*Street Department*

Salaries	23,300	23,300	27,957	(4,657)
Fringe benefits	700	700	1,938	(1,238)
Signs and lights	13,000	13,000	20,442	(7,442)
Repairs and maintenance	4,600	4,600	4,019	581
Insurance	2,800	2,800	3,375	(575)
Gas and vehicle	6,000	6,000	12,056	(6,056)
Miscellaneous	2,000	2,000	503	1,497
<b>Total Street Department</b>	<b>52,400</b>	<b>52,400</b>	<b>70,290</b>	<b>(17,890)</b>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Sanitation Department</i>				
Salaries	17,080	17,080	3,457	13,623
Fringe benefits	-	-	109	(109)
Contract services	-	-	41,250	(41,250)
Miscellaneous	1,000	1,000	743	257
Insurance	3,400	3,400	4,337	(937)
Gas and vehicle	3,000	3,000	3,598	(598)
Total Sanitation Department	<u>24,480</u>	<u>24,480</u>	<u>53,494</u>	<u>(29,014)</u>
Total Public Works	87,930	87,930	203,873	(115,943)
<b>Parks, Recreation, and Cultural</b>				
Recreational park	3,000	3,000	9,252	(6,252)
Train station	16,000	16,000	8,269	7,731
Library	5,000	5,000	2,391	2,609
Total Parks, Recreation, and Cultural	<u>24,000</u>	<u>24,000</u>	<u>19,912</u>	<u>4,088</u>
<b>Debt Service</b>				
	-	-	5,136	(5,136)
Total Expenditures	<u>384,477</u>	<u>384,477</u>	<u>618,126</u>	<u>(233,649)</u>
Excess (Deficiency) of Revenues Over Expenditures	7,200	7,200	(44,969)	(52,169)
<b>Other Financing Sources (Uses)</b>				
Contingency/surplus	-	-	-	-
Operating transfers in (out)	(7,200)	(7,200)	7,766	14,966
Total Other Financing Sources (Uses)	<u>(7,200)</u>	<u>(7,200)</u>	<u>7,766</u>	<u>14,966</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	\$ (37,203)	<u>\$ (37,203)</u>
Fund Balance - Beginning of Year (Restated)			<u>541,293</u>	
Fund Balance - End of Year			<u>\$ 504,090</u>	

Variance  
With  
Final Budget  
Positive  
(Negative)

Original  
Budget

Final  
Budget

Actual

Cemetery Fund

Revenues

Revenue from Use of Money and Property

\$ 2,400 \$ 2,400 \$ 2,806 \$ 406

Miscellaneous

Maintenance 200 200 262 62

Other 400 400 1,361 961

Total Miscellaneous 600 600 1,623 1,023

Total Revenues 3,000 3,000 4,429 1,429

Expenditures

Parks, Recreation, and Cultural

Maintenance 10,200 10,200 14,939 (4,739)

Total Parks, Recreation, and Cultural 10,200 10,200 14,939 (4,739)

Total Expenditures 10,200 10,200 14,939 (4,739)

Excess (Deficiency) of Revenues Over Expenditures (7,200) (7,200) (10,510) (3,310)

Other Financing Sources (Uses)

Contingency/surplus - - - -

Operating transfers in (out) 7,200 7,200 - (7,200)

Total Other Financing Sources (Uses) 7,200 7,200 - (7,200)

Net Change in Fund Balance \$ - \$ - (10,510) \$ (10,510)

Fund Balance - Beginning of Year 62,500

Fund Balance - End of Year \$ 51,990

**Town of Burkeville, Virginia**

Schedule of Changes in the Political Subdivision's Net Pension Liability  
and Related Ratios

For the Plan Years Ended June 30

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>									
Service cost	\$ 5,295	\$ 12,773	\$ 15,813	\$ 14,416	\$ 14,440	\$ 14,701	\$ 14,216	\$ 14,787	\$ 14,868
Interest	19,104	16,889	16,767	16,316	15,361	14,638	13,181	11,326	9,797
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(1,812)	16,102	(16,910)	(12,035)	(13,125)	(6,041)	(3,674)	3,268	-
Changes of assumptions	-	(151)	-	5,246	-	(10,055)	-	-	-
Benefit payments	(22,564)	(13,626)	(14,117)	(3,128)	(2,940)	(2,904)	(2,900)	(2,854)	(2,813)
<b>Net change in total pension liability</b>	<b>23</b>	<b>31,987</b>	<b>1,553</b>	<b>20,815</b>	<b>13,736</b>	<b>10,339</b>	<b>20,823</b>	<b>26,527</b>	<b>21,852</b>
<b>Total pension liability - beginning</b>	<b>289,002</b>	<b>257,015</b>	<b>255,462</b>	<b>234,647</b>	<b>220,911</b>	<b>210,572</b>	<b>189,749</b>	<b>163,222</b>	<b>141,370</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 289,025</b>	<b>\$ 289,002</b>	<b>\$ 257,015</b>	<b>\$ 255,462</b>	<b>\$ 234,647</b>	<b>\$ 220,911</b>	<b>\$ 210,572</b>	<b>\$ 189,749</b>	<b>\$ 163,222</b>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 3,528	\$ 4,563	\$ 5,307	\$ 6,299	\$ 7,544	\$ 7,386	\$ 9,675	\$ 9,453	\$ 12,699
Contributions - employee	3,416	4,420	4,233	5,080	5,016	4,911	4,911	4,799	4,686
Net investment income	(166)	90,477	6,312	20,676	20,360	29,137	4,222	9,320	25,728
Benefit payments	(22,564)	(13,626)	(14,117)	(3,128)	(2,940)	(2,904)	(2,900)	(2,854)	(2,813)
Refunds of contributions	-	-	-	-	-	-	-	-	-
Administrator charges	(262)	(224)	(213)	(189)	(164)	(156)	(126)	(114)	(125)
Other	9	9	(7)	(13)	(19)	(26)	(2)	(2)	1
<b>Net change in plan fiduciary net position</b>	<b>(16,039)</b>	<b>85,619</b>	<b>1,515</b>	<b>28,725</b>	<b>29,797</b>	<b>38,348</b>	<b>15,780</b>	<b>20,602</b>	<b>40,176</b>
<b>Plan fiduciary net position - beginning</b>	<b>416,652</b>	<b>331,033</b>	<b>329,518</b>	<b>300,793</b>	<b>270,996</b>	<b>232,648</b>	<b>216,868</b>	<b>196,266</b>	<b>156,090</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 400,613</b>	<b>\$ 416,652</b>	<b>\$ 331,033</b>	<b>\$ 329,518</b>	<b>\$ 300,793</b>	<b>\$ 270,996</b>	<b>\$ 232,648</b>	<b>\$ 216,868</b>	<b>\$ 196,266</b>
<b>Political subdivision's net pension liability (asset) - ending (a-b)</b>	<b>\$ (111,588)</b>	<b>\$ (127,650)</b>	<b>\$ (74,018)</b>	<b>\$ (74,056)</b>	<b>\$ (66,146)</b>	<b>\$ (50,085)</b>	<b>\$ (22,076)</b>	<b>\$ (27,119)</b>	<b>\$ (33,044)</b>
<b>Plan fiduciary net position as a percentage of the total Pension liability</b>	<b>138.61%</b>	<b>144.17%</b>	<b>128.80%</b>	<b>128.99%</b>	<b>128.19%</b>	<b>122.67%</b>	<b>110.48%</b>	<b>114.29%</b>	<b>120.24%</b>
<b>Covered payroll</b>	<b>\$ 75,022</b>	<b>\$ 94,989</b>	<b>\$ 89,452</b>	<b>\$ 101,597</b>	<b>\$ 100,322</b>	<b>\$ 98,222</b>	<b>\$ 98,743</b>	<b>\$ 95,972</b>	<b>\$ 93,722</b>
<b>Political subdivision's net pension liability as a percentage of covered payroll</b>	<b>-148.74%</b>	<b>-134.38%</b>	<b>-82.75%</b>	<b>-72.89%</b>	<b>-65.93%</b>	<b>-50.99%</b>	<b>-22.36%</b>	<b>-28.26%</b>	<b>-35.26%</b>

**Town of Burkeville, Virginia**

Schedule of Employer Contributions

Political Subdivisions Retirement Plan

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)*	Contribution in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>2023</b>	\$ -	\$ -	\$ -	\$ 135,310	0.00%
2022	3,864	3,864	-	75,022	5.15%
2021	4,892	4,892	-	94,989	5.15%
2020	5,546	5,546	-	89,452	6.20%
2019	6,299	6,299	-	101,597	6.20%
2018	7,545	7,545	-	100,322	7.52%
2017	7,386	7,386	-	98,222	7.52%
2016	9,726	9,726	-	98,743	9.85%
2015	9,453	9,453	-	95,972	9.85%
2014	12,699	12,699	-	93,722	13.55%

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

**For Reference Only:**

Column 1 - Employer contribution rate multiplied by the employer's covered payroll.

Column 2 - Employer contributions as referenced in Covered Payroll & Contributions report on VRS website.

Column 4 - Employer's covered payroll amount for the fiscal year.

## Town of Burkeville, Virginia

### Notes to Required Supplemental Information

For the Year Ended June 30, 2023

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service 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 PUB2010 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	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 Burkeville, Virginia**

Schedule of Employer's Share of Net OPEB Liability

Group Life Insurance Plan (GLI)

For the Measurement Dates of June 30, 2017 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	<b>0.00034%</b>	0.00046%	0.00044%	0.00052%	0.00053%	0.00053%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	<b>\$ 4,094</b>	\$ 5,356	\$ 7,343	\$ 8,462	\$ 9,000	\$ 8,000
Employer's Covered Payroll	<b>\$ 75,022</b>	\$ 94,989	\$ 89,452	\$ 101,597	\$ 100,322	\$ 98,222
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	<b>5.46%</b>	5.64%	8.21%	8.33%	8.97%	8.14%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	<b>67.21%</b>	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years. Since 2022 is the sixth year for this presentation, there are only six years available. However, additional years will be included as they become available.*

**For Reference Only**

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 132 of the VRS 2022 Annual Report.

**Town of Burkeville, Virginia**

Schedule of Employer Contributions

Group Life Insurance OPEB Plan

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>2023</b>	<b>\$ 731</b>	<b>\$ 731</b>	<b>\$ -</b>	<b>\$ 135,310</b>	<b>0.54%</b>
2022	405	405	-	75,022	0.54%
2021	513	513	-	94,989	0.54%
2020	465	465	-	89,452	0.52%
2019	528	528	-	101,597	0.52%
2018	522	522	-	100,322	0.52%
2017	511	511	-	98,222	0.52%
2016	471	471	-	98,222	0.48%
2015	461	461	-	95,972	0.48%
2014	450	450	-	93,722	0.48%

**For Reference Only:**

- Column 1 - Employer contribution rate multiplied by the employer's covered payroll.
- Column 2 - Employer contributions as referenced in Covered Payroll & Contributions report on VRS website.
- Column 4 - Employer's covered payroll amount for the fiscal year.

## Town of Burkeville, Virginia

### Notes to Required Supplemental Information – Group Life Insurance Plan

For the Year Ended June 30, 2023

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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 PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Town of Burkeville, Virginia**

Schedule of Employer's Share of Net OPEB Liability

Virginia Local Disability Program (VLDP) - Political Subdivisions

For the Measurement Dates of June 30, 2017 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net VLDP OPEB Liability (Asset)	<b>0.00715%</b>	0.00819%	0.00645%	0.00000%
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset)	<b>\$ (42)</b>	\$ (83)	\$ 64	\$ -
Employer's Covered Payroll	<b>\$ 33,547</b>	\$ 32,900	\$ 24,000	\$ -
Employer's Proportionate Share of the Net VLDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	<b>-0.13%</b>	-0.25%	0.27%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	<b>107.99%</b>	119.59%	76.84%	49.19%

*Schedule is intended to show information for 10 years. Since the Town did not begin participating until FY2020, information is unavailable. However, additional years will be included as they become available.*

**For Reference Only**

The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Virginia Local Disability (VLDP) for each year is presented on page 133 of the VRS 2022 Annual Report.

**Town of Burkeville, Virginia**

Schedule of Employer Contributions

Virginia Local Disability Program

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
<b>2023</b>	<b>\$ 326</b>	<b>\$ 326</b>	<b>\$ -</b>	<b>\$ 38,410</b>	<b>0.85%</b>
2022	278	278	-	33,547	0.83%
2021	273	273	-	32,900	0.83%
2020	173	173	-	24,000	0.72%
2019	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A

**For Reference Only:**

Column 1 - Employer contribution rate multiplied by the employer's covered payroll.

Column 2 - Actual employer contribution remitted to VRS

Column 4 - Employer's covered payroll amount for the fiscal year.

## Town of Burkeville, Virginia

### Notes to Required Supplementary Information – OPEB VLDP

For the Year Ended June 30, 2023

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

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

#### Non-Largest Ten Locality Employers - General and Non-Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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

# COMPLIANCE SECTION



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

To the Town Council  
Town of Burkeville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Burkeville, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Burkeville, Virginia's basic financial statements and have issued our report thereon dated February 10, 2026.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items [2023-001 and 2023-002] that we consider to be material weaknesses.

## Report on Compliance and Other Matters

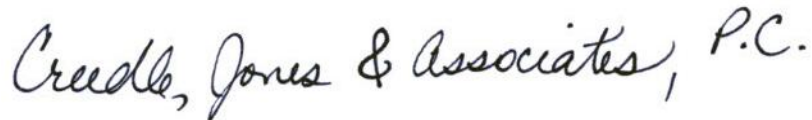
As part of obtaining reasonable assurance about whether Town of Burkeville, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

## Town of Burkeville, Virginia's Response to Findings

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

## Purpose of this Report

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

A handwritten signature in cursive script that reads "Creedle, Jones & Associates, P.C.".

Creedle, Jones & Associates, P.C.  
Certified Public Accountants

South Hill, Virginia  
February 10, 2026

## Town of Burkeville, Virginia

### Schedule of Findings and Responses

For the Year Ended June 30, 2023

#### Summary of Auditor's Results

##### Financial Statements

Type of auditor's report issued on whether the audited financial statements were prepared in accordance with GAAP: Qualified Opinion

Internal control over financial reporting:

- a. Material weakness(es) identified? Yes
- b. Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

#### Findings – Financial Statements Audit

##### Material Weaknesses

2023-001 (Repeat Finding 2022-001)

*Condition:*

The Town's cash and related revenue/expenditure accounts are not reconciled timely.

*Criteria:*

The Town should have a system in place to reduce the likelihood of errors in financial reporting.

*Cause:*

The Town does not have a process in place to timely reconcile cash and related revenue/expenditure accounts.

*Effect:*

There is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, detected and corrected in a timely.

*Identification of Repeat Finding*

This finding was a repeat of a finding in the immediate prior audit (2022-001).

*Recommendation:*

We recommend the Town implement procedures to timely reconcile all cash and related revenue/expenditure accounts.

*Views of Responsible Officials and Planning Corrective Actions:*

As of the date of the audit report, the Town has implemented new procedures in relation to bank reconciliations.

2023-002 (Repeat Finding 2022-002)

*Condition:*

The Town's financial statements required material adjustments at the conclusion of audit fieldwork to ensure that such statements complied with Generally Accepted Accounting Principles (GAAP). Audit adjusting entries were proposed to record and correct accounts receivable, accounts payable, the allowance for doubtful accounts, cash balances, beginning net position, revenues, fixed assets, and to correct the posting of certain fringe benefits.

*Criteria:*

Per Statement of Auditing Standards 115, identification of material adjustments to the financial statements that are not detected by the entity's internal controls indicates that a material weakness still exists.

*Cause:*

Town management failed to identify all year-end accounting adjustments in a timely manner necessary for the Town's financial statements to be prepared in accordance with current reporting standards. Town management does not have proper controls in place to detect all adjustments in closing their year-end financial statements and to reconcile financial activity to ensure timely reporting.

*Effect:*

There is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented by the entity's internal controls over financial reporting.

*Identification of Repeat Finding*

This finding was a repeat of a finding in the immediate prior audit (2022-002).

*Recommendation:*

Town management should have procedures in place to properly identify and record year-end closing entries to the accounting system in a timely manner.

*Views of Responsible Officials and Planning Corrective Actions:*

The Town is considering corrective action for the upcoming fiscal year-end.

## Town of Burkeville, Virginia

### Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

#### Financial Statements

##### *Finding 2022-001*

**Condition:**

The Town's cash and related revenue/expenditure accounts are not reconciled timely.

**Recommendation:**

We recommend the Town implement procedures to timely reconcile all cash and related revenue/expenditure accounts.

**Current Status:**

Management is still implementing procedures related to bank reconciliations.

##### *Finding 2022-002*

**Condition:**

The Town's financial statements required material adjustments at the conclusion of audit fieldwork to ensure that such statements complied with Generally Accepted Accounting Principles (GAAP). Audit adjusting entries were proposed to record and correct accounts receivable, accounts payable, the allowance for doubtful accounts, cash balances, beginning net position, revenues, fixed assets, and to correct the posting of certain fringe benefits.

**Recommendation:**

Town management should have procedures in place to properly identify and record year-end closing entries to the accounting system in a timely manner.

**Current Status:**

The Town is considering corrective action for the upcoming fiscal year-end.