



TOWN OF ONANCOCK, VIRGINIA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

TOWN OF ONANCOCK, VIRGINIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

COUNCIL

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OFFICIALS

Matt Spuck, Town Manager

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Onancock, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Onancock, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 3-7, 49, and 50-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Onancock, Virginia's basic financial statements. The other supplementary information and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021, on our consideration of the Town of Onancock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Onancock, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Onancock, Virginia's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Charlottesville, Virginia
July 20, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Onancock, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$12,980,294 (net position). A majority of this amount, \$11,502,157, is invested in capital assets and is not available to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town reported a General Fund balance of \$1,227,069, an increase of \$74,472 from the prior year.
- The Town's total long-term obligations decreased from \$7,613,304 to \$7,424,927 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by 12,980,294 at the close of the most recent fiscal year.

Town of Onancock, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,574,209	\$ 1,520,112	\$ 504,345	\$ 409,670	\$ 2,078,554	\$ 1,929,782
Capital assets	1,999,183	2,052,134	16,516,432	17,011,136	18,515,615	19,063,270
Total assets	\$ 3,573,392	\$ 3,572,246	\$ 17,020,777	\$ 17,420,806	\$ 20,594,169	\$ 20,993,052
Deferred outflows of resources	\$ 111,701	\$ 144,820	\$ 68,903	\$ 86,421	\$ 180,604	\$ 231,241
Total assets and deferred outflows of resources	\$ 3,685,093	\$ 3,717,066	\$ 17,089,680	\$ 17,507,227	\$ 20,774,773	\$ 21,224,293
Current liabilities	\$ 73,892	\$ 82,670	\$ 486,920	\$ 483,478	\$ 560,812	\$ 566,148
Long-term liabilities	526,643	394,410	6,680,596	7,015,298	7,207,239	7,409,708
Total liabilities	\$ 600,535	\$ 477,080	\$ 7,167,516	\$ 7,498,776	\$ 7,768,051	\$ 7,975,856
Deferred inflows of resources	\$ 16,409	\$ 23,568	\$ 10,019	\$ 15,392	\$ 26,428	\$ 38,960
Net position:						
Net investment in capital assets	\$ 1,941,681	\$ 1,964,675	\$ 9,560,476	\$ 9,629,807	\$ 11,502,157	\$ 11,594,482
Unrestricted	1,126,468	1,251,743	351,669	363,252	1,478,137	1,614,995
Total net position	\$ 3,068,149	\$ 3,216,418	\$ 9,912,145	\$ 9,993,059	\$ 12,980,294	\$ 13,209,477
Total liabilities, deferred inflows of resources and net position	\$ 3,685,093	\$ 3,717,066	\$ 17,089,680	\$ 17,507,227	\$ 20,774,773	\$ 21,224,293

A large part of the Town's net position, \$11,502,157 reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities decreased the Town's net position by \$148,269 and business-type activities decreased net position by \$80,914. Key elements of these changes are as follows:

For the Years Ended June 30, 2020 and 2019						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 195,987	\$ 246,784	\$ 1,269,121	\$ 1,246,115	\$ 1,465,108	\$ 1,492,899
Operating grants and contributions	57,097	56,760	-	-	57,097	56,760
Capital grants and contributions	-	108,560	119,986	199,973	119,986	308,533
General revenues:						
General property taxes	513,967	493,412	-	-	513,967	493,412
Other local taxes	357,037	428,049	-	-	357,037	428,049
Other general revenues	211,681	197,328	11,909	15,934	223,590	213,262
Total revenues	\$ 1,335,769	\$ 1,530,893	\$ 1,401,016	\$ 1,462,022	\$ 2,736,785	\$ 2,992,915
Expenses:						
General government administration	\$ 445,193	\$ 439,012	\$ -	\$ -	\$ 445,193	\$ 439,012
Public safety	527,376	394,527	-	-	527,376	394,527
Public works	278,067	242,127	-	-	278,067	242,127
Parks, recreation, and cultural	230,244	327,598	-	-	230,244	327,598
Interest and other fiscal charges	3,158	4,213	-	-	3,158	4,213
Water and Sewer Fund	-	-	1,481,930	1,284,629	1,481,930	1,284,629
Total expenses	\$ 1,484,038	\$ 1,407,477	\$ 1,481,930	\$ 1,284,629	\$ 2,965,968	\$ 2,692,106
Transfers in (out)	-	(52,836)	-	52,836	-	-
Increase/(decrease) in net position	\$ (148,269)	\$ 70,580	\$ (80,914)	\$ 230,229	\$ (229,183)	\$ 300,809
Net position, beginning	3,216,418	3,145,838	9,993,059	9,762,830	13,209,477	12,908,668
Net position, ending	\$ 3,068,149	\$ 3,216,418	\$ 9,912,145	\$ 9,993,059	\$ 12,980,294	\$ 13,209,477

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. At June 30, 2020, the Town's fund balances total \$1,227,069, as the balance increased \$74,472 during the fiscal year.

General Fund Budgetary Highlights

The General Fund budget reflected revenues in the amount of \$1,437,586 and expenditures of \$1,437,586 (reference exhibit 9). Actual General Fund revenues totaled \$1,343,527 which was \$94,059 less than the final budget. General Fund expenditures totaled \$1,269,055 and were less than final budget amounts by \$168,531. Overall general revenues exceeded expenditures by \$74,472, reference Exhibit 9.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets (net of related debt) for its governmental activities as of June 30, 2020 totals \$1,999,183 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, and machinery and equipment. The Town's investment in capital assets for the current fiscal year decreased by \$52,951. Net capital assets for the business-type activities decreased by \$494,704.

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

Debt

During the year, the Town decreased its business-type activities obligations by \$324,450. Annual requirements to amortize all long-term debt and related interest and other information relative to the Town's debt can be found in Note 5 to the financial statements.

Contact the Town's Financial Management

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

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Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 446,024	\$ -	\$ 446,024
Cash and cash equivalents - restricted	792,190	734,738	1,526,928
Receivables (net of allowance for uncollectibles):			
Property taxes	61,523	-	61,523
Accounts receivable	4,844	18,363	23,207
Prepaid items	20,872	-	20,872
Internal balances	248,756	(248,756)	-
Total Current Assets	\$ 1,574,209	\$ 504,345	\$ 2,078,554
Noncurrent Assets:			
Capital assets (net of depreciation):			
Land	\$ 908,494	\$ -	\$ 908,494
Buildings and improvements	438,052	3,424,325	3,862,377
Machinery and equipment	53,696	35,943	89,639
Infrastructure	598,941	13,056,164	13,655,105
Total Capital Assets (net of accumulated depreciation)	\$ 1,999,183	\$ 16,516,432	\$ 18,515,615
Total Noncurrent Assets	\$ 1,999,183	\$ 16,516,432	\$ 18,515,615
Total Assets	\$ 3,573,392	\$ 17,020,777	\$ 20,594,169
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 105,385	\$ 65,175	\$ 170,560
OPEB related items	6,316	3,728	10,044
Total Deferred Outflows of Resources	\$ 111,701	\$ 68,903	\$ 180,604
Total Assets and Deferred Outflows of Resources	\$ 3,685,093	\$ 17,089,680	\$ 20,774,773
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 38,906	\$ 39,199	\$ 78,105
Accrued interest payable	-	7,513	7,513
Unearned revenue - current portion	6,850	10,906	17,756
Current portion of long-term obligations	28,136	429,302	457,438
Total Current Liabilities	\$ 73,892	\$ 486,920	\$ 560,812
Noncurrent Liabilities:			
Unearned revenue - long-term portion	\$ 239,750	\$ -	\$ 239,750
Noncurrent portion of long-term obligations	286,893	6,680,596	6,967,489
Total Noncurrent Liabilities	\$ 526,643	\$ 6,680,596	\$ 7,207,239
Total Liabilities	\$ 600,535	\$ 7,167,516	\$ 7,768,051
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 13,426	\$ 8,280	\$ 21,706
OPEB related items	2,983	1,739	4,722
Total Deferred Inflows of Resources	\$ 16,409	\$ 10,019	\$ 26,428
NET POSITION			
Net investment in capital assets	\$ 1,941,681	\$ 9,560,476	\$ 11,502,157
Unrestricted	1,126,468	351,669	1,478,137
Total Net Position	\$ 3,068,149	\$ 9,912,145	\$ 12,980,294
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 3,685,093	\$ 17,089,680	\$ 20,774,773

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

TOWN OF ONANCOCK, VIRGINIA

Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government administration	\$ 445,193	\$ 375	\$ -	\$ -
Public safety	527,376	9,168	54,783	-
Public works	278,067	39,160	814	-
Parks, recreation and cultural	230,244	147,284	1,500	-
Interest and other fiscal charges	3,158	-	-	-
Total governmental activities	\$ 1,484,038	\$ 195,987	\$ 57,097	\$ -
Business-type activities:				
Water and Sewer	1,481,930	1,269,121	-	119,986
Total primary government	\$ 2,965,968	\$ 1,465,108	\$ 57,097	\$ 119,986
General revenues:				
General property taxes				
Local sales and use taxes				
Consumers utility taxes				
Meals taxes				
Business license taxes				
Bank franchise taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Grants and contributions not restricted to specific programs				
Miscellaneous				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

Exhibit 2

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business- type Activities	Total
\$ (444,818)	\$ -	\$ (444,818)
(463,425)	-	(463,425)
(238,093)	-	(238,093)
(81,460)	-	(81,460)
(3,158)	-	(3,158)
\$ (1,230,954)	\$ -	\$ (1,230,954)
-	(92,823)	(92,823)
\$ (1,230,954)	\$ (92,823)	\$ (1,323,777)
\$ 513,967	\$ -	\$ 513,967
81,114	-	81,114
52,915	-	52,915
138,601	-	138,601
36,515	-	36,515
27,207	-	27,207
20,685	-	20,685
30,978	11,909	42,887
136,547	-	136,547
44,156	-	44,156
\$ 1,082,685	\$ 11,909	\$ 1,094,594
\$ (148,269)	\$ (80,914)	\$ (229,183)
3,216,418	9,993,059	13,209,477
\$ 3,068,149	\$ 9,912,145	\$ 12,980,294

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Fund Financial Statements

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Balance Sheet - Governmental Funds

June 30, 2020

	General Fund
ASSETS	
Cash and cash equivalents	\$ 446,024
Cash and cash equivalents - restricted	792,190
Receivables (Net of allowance for uncollectibles):	
Taxes, including penalties	61,523
Accounts receivable	4,844
Due from other funds	248,756
Prepaid items	20,872
Total assets	<u>\$ 1,574,209</u>
LIABILITIES	
Accounts payable	\$ 38,906
Unearned revenue	246,600
Total liabilities	<u>\$ 285,506</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u>\$ 61,634</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	\$ 20,872
Unassigned	1,206,197
Total fund balances	<u>\$ 1,227,069</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,574,209</u>

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

Total fund balances for governmental funds (see above)	\$ 1,227,069
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and, therefore,

are not reported in the funds.

Land	\$ 908,494	
Buildings and improvements	438,052	
Machinery and equipment	53,696	
Infrastructure	<u>598,941</u>	1,999,183

Other long-term assets are not available to pay for current-period
therefore, are not reported in the funds

Unavailable revenue - property taxes	61,634
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Deferred outflows of resources are not available to pay for current-period

and, therefore, are not reported in the funds.

Pension related items	\$ 105,385	
OPEB related items	<u>6,316</u>	111,701

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

Notes payable	\$ (57,502)	
Compensated absences	(33,079)	
Net pension liability	(192,987)	
Net OPEB liability	<u>(31,461)</u>	(315,029)

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

Pension related items	\$ (13,426)	
OPEB related items	<u>(2,983)</u>	(16,409)

Total net position of government activities	<u>\$ 3,068,149</u>
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The accompanying notes to financial statements are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 Year Ended June 30, 2020

	<u>General Fund</u>
Revenues:	
General property taxes	\$ 521,725
Other local taxes	357,037
Permits, privilege fees and regulatory licenses	375
Fines and forfeitures	9,168
Revenue from use of money and property	30,978
Charges for services	186,444
Miscellaneous	44,156
Intergovernmental:	
Commonwealth	188,397
Federal	<u>5,247</u>
Total revenues	\$ <u>1,343,527</u>
Expenditures:	
Current:	
General government administration	\$ 367,338
Public safety	431,698
Public works	228,848
Parks, recreation and cultural	201,025
Nondepartmental	7,031
Debt service:	
Principal retirement	29,957
Interest and other fiscal charges	<u>3,158</u>
Total expenditures	\$ <u>1,269,055</u>
Excess (deficiency) of revenues over (under) expenditures	\$ <u>74,472</u>
Net change in fund balances	\$ 74,472
Fund balances, at beginning of year	<u>1,152,597</u>
Fund balances, at end of year	<u><u>\$ 1,227,069</u></u>

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2020

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	74,472
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	\$ 34,507	
Depreciation expense	<u>(87,458)</u>	(52,951)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(7,757)
The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governments funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and relate items.		
Principal repayments		29,957
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	\$ (2,316)	
Pension expense	(191,796)	
OPEB expense	<u>2,122</u>	<u>(191,990)</u>
Change in net position of governmental activities	\$	<u><u>(148,269)</u></u>

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

Statement of Net Position
 Proprietary Fund
 June 30, 2020

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents - restricted debt service	\$ 734,738
Accounts receivable, net of allowance for uncollectibles	18,363
Total current assets	\$ 753,101
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Buildings and improvements	\$ 3,424,325
Machinery and equipment	35,943
Infrastructure	13,056,164
Total capital assets (net of accumulated depreciation)	\$ 16,516,432
Total noncurrent assets	\$ 16,516,432
Total assets	\$ 17,269,533
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 65,175
OPEB related items	3,728
Total deferred outflows of resources	\$ 68,903
Total assets and deferred outflows of resources	\$ 17,338,436
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 39,199
Accrued interest payable	7,513
Due to other funds	248,756
Unearned revenue	10,906
Bonds and note payable - current portion	427,437
Compensated absences - current portion	1,865
Total current liabilities	\$ 735,676
Noncurrent liabilities:	
Bonds and note payable - net of current portion	\$ 6,528,519
Compensated absences - net of current portion	16,782
Net pension liability	116,962
Net OPEB liability	18,333
Total noncurrent liabilities	\$ 6,680,596
Total liabilities	\$ 7,416,272
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 8,280
OPEB related items	1,739
Total deferred inflows of resources	\$ 10,019
NET POSITION	
Net investment in capital assets	\$ 9,560,476
Unrestricted	351,669
Total net position	\$ 9,912,145
Total liabilities, deferred inflows of resources and net position	\$ 17,338,436

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

Statement of Revenues, Expenses and Change in Net Position
 Proprietary Fund
 Year Ended June 30, 2020

	Enterprise Fund Water and Sewer Fund
Operating revenues:	
Charges for water services	\$ 332,050
Charges for sewer services	915,409
Penalties	19,005
Miscellaneous	2,657
Total operating revenues	\$ 1,269,121
Operating expenses:	
Water:	
Personnel services	\$ 76,271
Benefits	65,203
Contractual services	131,091
Other charges	74,450
Total water operating expenses	\$ 347,015
Sewer:	
Personnel services	\$ 173,232
Benefits	151,779
Contractual services	100,166
Other charges	119,332
Total sewer operating expenses	\$ 544,509
Other operating expenses:	
Depreciation	\$ 494,704
Total other operating expenses	\$ 494,704
Total operating expenses	\$ 1,386,228
Net operating income (loss)	\$ (117,107)
Nonoperating revenues (expenses):	
Interest income	\$ 11,909
Interest expense	(95,702)
State and federal grants	119,986
Total nonoperating revenues (expenses)	\$ 36,193
Change in net position	\$ (80,914)
Net position - beginning	\$ 9,993,059
Net position - ending	\$ 9,912,145

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

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2020

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,254,399
Payments to employees (including fringe benefits)	(353,417)
Payments for operating activities	(499,896)
Net cash provided by (used for) operating activities	\$ 401,086
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (425,373)
State and federal grants	119,986
Interest expense	(95,702)
Net cash provided by (used for) capital and related financing activities	\$ (401,089)
Cash flows from investing activities:	
Interest income	\$ 11,909
Increase (decrease) in cash and cash equivalents	\$ 11,906
Cash and cash equivalents at beginning of year (includes restricted)	722,832
Cash and cash equivalents at end of year (includes restricted)	\$ 734,738
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (117,107)
Adjustments to reconcile operating income (loss) to net cash provided provided by (used for) operating activities:	
Depreciation	494,704
Changes in operating activities:	
(Increase) decrease in accounts receivable	8,528
(Increase) decrease in deferred outflows of resources	17,518
Increase (decrease) in accounts payable	16,440
Increase (decrease) in due to other funds	(91,297)
Increase (decrease) in unearned revenue	(23,250)
Increase (decrease) in compensated absences	1,019
Increase (decrease) in net pension liability	98,875
Increase (decrease) in net OPEB liability	1,029
Increase (decrease) in deferred inflows of resources	(5,373)
Net cash provided by (used for) operating activities	\$ 401,086

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

Financial Statement Presentation: (Continued)

Statement of Activities (Continued)

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

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports, including the original budget and a comparison of final budget and actual results.

A. Financial Reporting Entity

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

a. General Fund

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

2. Proprietary Funds

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

Enterprise Funds

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

C. Budgets and Budgetary Accounting

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

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

D. Cash and Cash Equivalents

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

E. Prepaid Items

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

F. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2020, the allowance for uncollectible general property taxes totaled \$55,575 and \$49,073 for water and sewer receivables.

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

G. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was zero interest attributable to capitalized assets at June 30, 2020.

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

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

H. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement.

I. Use of Estimates

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

J. Long-Term Obligations

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

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

K. Fund Balance

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

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

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

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

L. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

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

M. Net Position Flow Assumption

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

N. Deferred Outflows/Inflows of Resources

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

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

O. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town's Retirement Plan and the additions to/deductions from the Town's Retirement Plan's 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.

P. Other Postemployment Benefits (OPEB)

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 2—PROPERTY TAXES RECEIVABLE:

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

NOTE 3—DEPOSITS:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2020 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

Town's Rated Debt Investment's Value		
Rated Debt Investments	Fair Quality Ratings	
	AAAm	
VML/VACO Virginia Investment Pool	\$	1,509,171
Total	\$	1,509,171

Interest Rate Risk

Investment Maturities (in years)		
Investment Type	Fair Value	Less Than 1 Year
Virginia Investment Pool	\$ 1,509,171	\$ 1,509,171
Total	\$ 1,509,171	\$ 1,509,171

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 3—DEPOSITS: (CONTINUED)

Fair Value Measurements

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

Restricted Cash

The Town has the following restricted cash at June 30, 2020:

	<u>Governmental Activities General Fund</u>	<u>Business-type Activities Water and Sewer Fund</u>	<u>Total</u>
Restricted: Debt Service	\$ <u>792,190</u>	\$ <u>734,738</u>	\$ <u>1,526,928</u>

NOTE 4—CAPITAL ASSETS:

The following is a summary of changes of governmental activities capital assets for the fiscal year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ <u>908,494</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>908,494</u>
Total capital assets not being depreciated	\$ <u>908,494</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>908,494</u>
Capital assets being depreciated:				
Buildings and improvements	\$ <u>1,123,031</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,123,031</u>
Machinery and equipment	<u>601,629</u>	<u>34,507</u>	<u>-</u>	<u>636,136</u>
Infrastructure	<u>1,654,851</u>	<u>-</u>	<u>-</u>	<u>1,654,851</u>
Total capital assets being depreciated	\$ <u>3,379,511</u>	\$ <u>34,507</u>	\$ <u>-</u>	\$ <u>3,414,018</u>
Accumulated depreciation:				
Buildings and improvements	\$ <u>653,330</u>	\$ <u>31,649</u>	\$ <u>-</u>	\$ <u>684,979</u>
Machinery and equipment	<u>561,675</u>	<u>20,765</u>	<u>-</u>	<u>582,440</u>
Infrastructure	<u>1,020,866</u>	<u>35,044</u>	<u>-</u>	<u>1,055,910</u>
Total accumulated depreciation	\$ <u>2,235,871</u>	\$ <u>87,458</u>	\$ <u>-</u>	\$ <u>2,323,329</u>
Total capital assets being depreciated, net	\$ <u>1,143,640</u>	\$ <u>(52,951)</u>	\$ <u>-</u>	\$ <u>1,090,689</u>
Net capital assets	\$ <u>2,052,134</u>	\$ <u>(52,951)</u>	\$ <u>-</u>	\$ <u>1,999,183</u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes of business-type activities capital assets for the fiscal year ended June 30, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Business-type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 5,284,540	\$ -	\$ -	\$ 5,284,540
Machinery and equipment	2,025,090	-	-	2,025,090
Infrastructure	16,138,995	-	-	16,138,995
Total capital assets being depreciated	\$ 23,448,625	\$ -	\$ -	\$ 23,448,625
Accumulated depreciation:				
Buildings and improvements	\$ 1,725,637	\$ 134,578	\$ -	\$ 1,860,215
Machinery and equipment	1,968,808	20,339	-	1,989,147
Infrastructure	2,743,044	339,787	-	3,082,831
Total accumulated depreciation	\$ 6,437,489	\$ 494,704	\$ -	\$ 6,932,193
Total capital assets being depreciated, net	\$ 17,011,136	\$ (494,704)	\$ -	\$ 16,516,432
Net capital assets	\$ 17,011,136	\$ (494,704)	\$ -	\$ 16,516,432

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 10,199
Public safety	12,996
Public works	35,044
Parks, recreation, and cultural	29,219
Total governmental activities	\$ 87,458

Business-type activities:

Water and sewer	\$ 494,704
Total business-type activities	\$ 494,704

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Town for the fiscal year ended June 30, 2020:

	<u>Balance July 1, 2019</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Direct borrowings and direct placements:					
Notes payable	\$ 87,459	\$ -	\$ 29,957	\$ 57,502	\$ 24,828
Compensated absences	30,763	8,469	6,153	33,079	3,308
Net pension liability	31,039	324,629	162,681	192,987	-
Net OPEB liability	<u>29,695</u>	<u>8,515</u>	<u>6,749</u>	<u>31,461</u>	<u>-</u>
Total Governmental Activities	<u>\$ 178,956</u>	<u>\$ 341,613</u>	<u>\$ 205,540</u>	<u>\$ 315,029</u>	<u>\$ 28,136</u>
Business-type Activities					
Direct borrowings and direct placements:					
General obligation bonds	\$ 7,381,329	\$ -	\$ 425,373	\$ 6,955,956	\$ 427,437
Compensated absences	17,628	4,545	3,526	18,647	1,865
Net pension liability	18,087	197,196	98,321	116,962	-
Net OPEB liability	<u>17,304</u>	<u>4,962</u>	<u>3,933</u>	<u>18,333</u>	<u>-</u>
Total Business-type Activities	<u>\$ 7,434,348</u>	<u>\$ 206,703</u>	<u>\$ 531,153</u>	<u>\$ 7,109,898</u>	<u>\$ 429,302</u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Direct Borrowings and Direct Placements			
	Notes Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 24,828	\$ 1,954	\$ 427,437	\$ 93,639
2022	25,852	929	384,569	91,507
2023	6,822	74	386,772	89,304
2024	-	-	389,048	87,028
2025	-	-	391,400	84,676
2026	-	-	393,831	82,245
2027	-	-	396,342	79,733
2028	-	-	398,939	77,137
2029	-	-	401,622	74,454
2030	-	-	404,396	71,680
2031	-	-	191,143	68,814
2032	-	-	194,106	65,850
2033	-	-	197,170	62,787
2034	-	-	200,336	59,620
2035	-	-	203,610	56,347
2036	-	-	206,995	52,962
2037	-	-	210,495	49,462
2038	-	-	208,000	45,844
2039	-	-	118,218	42,102
2040	-	-	122,087	38,233
2041	-	-	126,088	34,232
2042	-	-	130,226	30,094
2043	-	-	134,505	25,815
2044	-	-	138,931	21,389
2045	-	-	143,508	16,812
2046	-	-	148,243	12,077
2047	-	-	137,319	7,187
2048	-	-	98,280	3,685
2049	-	-	72,340	976
Total	\$ 57,502	\$ 2,957	\$ 6,955,956	\$ 1,525,691

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations at June 30, 2020 are as follows:

Governmental Activities Obligations:

Direct Borrowings and Direct Placements:

Notes Payable:

Note payable, BB&T, payable in monthly installments of \$2,232 through October 2022, interest at 4.050%	\$ 57,502
Total Notes Payable	\$ 57,502

Compensated Absences	33,079
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Net Pension Liability	192,987
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Net OPEB Liability	31,461
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Total Governmental Activities Obligations	\$ 315,029
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Business-type Activities Obligations:

Direct Borrowings and Direct Placements:

General Obligation Bonds:

\$900,000 Virginia Resources Authority General Obligation Bond issued on December 15, 2000, payable in semi-annual installments of \$22,500 through April 2021, interest at 0.00%	\$ 45,000
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\$1,070,000 USDA Rural Development General Obligation Bond issued February 1, 2007, payable in quarterly installments of \$13,975 through February 2047, interest at 4.125%	902,688
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\$47,000 USDA Rural Development General Obligation Water Bond issued dated April 25, 2006, payable in quarterly installments of \$614 through October 2046, interest at 4.125%	39,643
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\$2,989,099 Virginia Resources Authority General Obligation Bond issued September 1, 2008, payable in semi-annual installments of \$49,818 through March 2038, interest at 0.00%	1,787,347
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\$5,032,725 Virginia Resources Authority General Obligation Bond issued September 1, 2009 payable in semi-annual installments of \$125,818 through March 2030, interest at 0.00%	2,161,194
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\$2,398,000 USDA Rural Development General Obligation Bonds, issued March 27, 2009, payable in quarterly installments of \$25,491 beginning June 27, 2011 through March 2049, interest at 2.75%	2,020,084
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Total General Obligation Bonds	\$ 6,955,956
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Compensated Absences	18,647
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Net Pension Liability	116,962
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Net OPEB Liability	18,333
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Total Business-type Activities Obligations	\$ 7,109,898
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TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 6—UNEARNED/UNAVAILABLE REVENUE:

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

Unavailable Property Tax Revenue - Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$61,634 at June 30, 2020.

Unearned Revenue Governmental Funds - The Town has received a payment in the amount of \$274,000 for use of a water tower for 40 years. At June 30, 2020, the current portion of unearned revenue is \$6,850 and the long-term portion is \$239,750.

Unearned Revenue Proprietary Funds - The Town has received funds from the state and federal government to aid in funding for the wastewater treatment plant. The Town has also received prepayments on customer accounts. These amounts total \$10,906 at June 30, 2020.

NOTE 7—DUE TO / FROM OTHER FUNDS:

Interfund receivables and payables at year end are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Water and Sewer	\$ -	\$ 248,756
General	248,756	-
Total	<u>\$ 248,756</u>	<u>\$ 248,756</u>

NOTE 8—PENSION PLAN:

Plan Description

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

NOTE 8—PENSION PLAN: (CONTINUED)

Benefit Structures

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

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

Average Final Compensation and Service Retirement Multiplier

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	14
Inactive members:	
Vested inactive members	3
Non-vested inactive members	5
Inactive members active elsewhere in VRS	<u>4</u>
Total inactive members	12
Active members	<u>13</u>
Total covered employees	<u><u>39</u></u>

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2020 was 15.89% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$98,394 and \$92,621 for the years ended June 30, 2020 and June 30, 2019, respectively.

NOTE 8—PENSION PLAN: (CONTINUED)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer’s total pension liability less that employer’s fiduciary net position. The Town’s net pension liabilities were measured as of June 30, 2019. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

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*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

* The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

state and teacher employer contributions; the Town was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 2,094,172	\$ 2,045,046	\$ 49,126
Changes for the year:			
Service cost	\$ 77,864	\$ -	\$ 77,864
Interest	143,253	-	143,253
Benefit changes	193,358	-	193,358
Differences between expected and actual experience	29,830	-	29,830
Assumption changes	75,672	-	75,672
Contributions - employer	-	92,621	(92,621)
Contributions - employee	-	28,833	(28,833)
Net investment income	-	139,097	(139,097)
Benefit payments, including refunds	(95,398)	(95,398)	-
Administrative expenses	-	(1,310)	1,310
Other changes	-	(87)	87
Net changes	\$ 424,579	\$ 163,756	\$ 260,823
Balances at June 30, 2019	\$ 2,518,751	\$ 2,208,802	\$ 309,949

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's			
Net Pension Liability (Asset)	\$ 651,429	\$ 309,950	\$ 38,594

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

For the year ended June 30, 2020, the Town recognized pension expense of \$403,518. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,698	\$ 99
Change in assumptions	45,036	548
Net difference between projected and actual earnings on pension plan investments	-	19,627
Change in proportionate share	1,432	1,432
Employer contributions subsequent to the measurement date	98,394	-
Total	\$ 170,560	\$ 21,706

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 8—PENSION PLAN: (CONTINUED)

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

\$98,394 reported as deferred outflows of resources related to pensions resulting from the Town's contributions, subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2021	\$ 48,641
2022	1,469
2023	(633)
2024	983
2025	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

Plan Description

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

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

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

Eligible Employees

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

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the Plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$3,321 and \$3,123 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the entity reported a liability of \$49,794 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.00306% as compared to 0.00304% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$754. 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.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

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

At June 30, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,312	\$ 646
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,023
Change in assumptions	3,144	1,502
Changes in proportion	267	1,551
Employer contributions subsequent to the measurement date	3,321	-
Total	\$ 10,044	\$ 4,722

\$3,321 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2021	\$ (221)
2022	(221)
2023	213
2024	853
2025	1,075
Thereafter	302

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

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Non-Largest Ten Locality Employers - General Employees**Pre-Retirement:**

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
Employers' Net GLI OPEB Liability (Asset)	\$	1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.63%

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2019, 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, 2019, 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.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the Group Life Insurance Plan			
Net OPEB Liability	\$ 65,416	\$ 49,794	\$ 37,126

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 10—CONTINGENT LIABILITIES:

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

At June 30, 2020, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decision or pending matter not be favorable to the Town.

NOTE 11—SURETY BONDS:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 12—RISK MANAGEMENT:

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

NOTE 13—UPCOMING PRONOUNCEMENTS:

Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 90, *Majority Equity Interests - An Amendment of GASB Statements No. 14 and No. 61*, provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2020 (Continued)

NOTE 14—SUBSEQUENT EVENT - COVID-19 PANDEMIC:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The Town of Onancock, Virginia is not able to estimate the financial effects of the COVID-19 pandemic for fiscal year 2021 and beyond.

Required Supplementary Information

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Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 Year Ended June 30, 2020

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 522,098	\$ 522,098	\$ 521,725	\$ (373)
Other local taxes	411,900	411,900	357,037	(54,863)
Permits, privilege fees and regulatory licenses	400	400	375	(25)
Fines and forfeitures	13,000	13,000	9,168	(3,832)
Revenue from use of money and property	13,200	13,200	30,978	17,778
Charges for services	218,475	218,475	186,444	(32,031)
Miscellaneous	8,500	8,500	44,156	35,656
Intergovernmental:				
Commonwealth	243,839	243,839	188,397	(55,442)
Federal	6,174	6,174	5,247	(927)
Total revenues	<u>\$ 1,437,586</u>	<u>\$ 1,437,586</u>	<u>\$ 1,343,527</u>	<u>\$ (94,059)</u>
Expenditures:				
Current:				
General government administration	\$ 420,780	\$ 420,780	\$ 367,338	\$ 53,442
Public safety	422,117	422,117	431,698	(9,581)
Public works	262,687	262,687	228,848	33,839
Parks, recreation and cultural	266,576	266,576	201,025	65,551
Nondepartmental	29,000	29,000	7,031	21,969
Debt service:				
Principal retirement	29,957	29,957	29,957	-
Interest and other fiscal charges	6,469	6,469	3,158	3,311
Total expenditures	<u>\$ 1,437,586</u>	<u>\$ 1,437,586</u>	<u>\$ 1,269,055</u>	<u>\$ 168,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,472</u>	<u>\$ 74,472</u>
Changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,472</u>	<u>\$ 74,472</u>
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>1,152,597</u>	<u>1,152,597</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,227,069</u></u>	<u><u>\$ 1,227,069</u></u>

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2019

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 77,864	\$ 55,828	\$ 58,400	\$ 75,604	\$ 73,146	\$ 72,307
Interest	143,253	136,229	106,142	97,981	88,362	79,678
Changes of benefit terms	193,358	-	-	-	-	-
Differences between expected and actual experience	29,830	3,343	373,386	(10,015)	1,712	-
Changes in assumptions	75,672	-	(27,872)	-	-	-
Benefit payments, including refunds of employee contributions	(95,398)	(94,717)	(65,775)	(28,177)	(23,434)	(32,429)
Net change in total pension liability	\$ 424,579	\$ 100,683	\$ 444,281	\$ 135,393	\$ 139,786	\$ 119,556
Total pension liability - beginning	2,094,172	1,993,489	1,549,208	1,413,815	1,274,029	1,154,473
Total pension liability - ending (a)	\$ 2,518,751	\$ 2,094,172	\$ 1,993,489	\$ 1,549,208	\$ 1,413,815	\$ 1,274,029
Plan fiduciary net position						
Contributions - employer	\$ 92,621	\$ 62,978	\$ 28,585	\$ 33,814	\$ 35,147	\$ 32,602
Contributions - employee	28,833	27,687	27,283	27,980	29,093	29,051
Net investment income	139,097	141,513	209,248	30,323	72,129	208,152
Benefit payments, including refunds of employee contributions	(95,398)	(94,717)	(65,775)	(28,177)	(23,434)	(32,429)
Administrative expense	(1,310)	(1,201)	(1,195)	(1,001)	(932)	(1,086)
Other	(87)	(127)	(187)	(13)	(17)	11
Net change in plan fiduciary net position	\$ 163,756	\$ 136,133	\$ 197,959	\$ 62,926	\$ 111,986	\$ 236,301
Plan fiduciary net position - beginning	2,045,046	1,908,913	1,710,954	1,648,028	1,536,042	1,299,741
Plan fiduciary net position - ending (b)	\$ 2,208,802	\$ 2,045,046	\$ 1,908,913	\$ 1,710,954	\$ 1,648,028	\$ 1,536,042
Town's net pension liability (asset) - ending (a) - (b)	\$ 309,949	\$ 49,126	\$ 84,576	\$ (161,746)	\$ (234,213)	\$ (262,013)
Plan fiduciary net position as a percentage of the total pension liability	87.69%	97.65%	95.76%	110.44%	116.57%	120.57%
Covered payroll	\$ 600,509	\$ 578,066	\$ 575,774	\$ 571,914	\$ 593,511	\$ 582,194
Town's net pension liability (asset) as a percentage of covered payroll	51.61%	8.50%	14.69%	-28.28%	-39.46%	-45.00%

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

Schedule of Employer Contributions - Pension Plan
 Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2020	\$ 98,394	\$ 98,394	\$ -	\$ 638,697	15.41%
2019	92,621	92,621	-	600,509	15.42%
2018	62,954	62,954	-	578,066	10.89%
2017	30,458	30,458	-	575,774	5.29%
2016	34,429	34,429	-	571,914	6.02%
2015	35,729	35,729	-	593,511	6.02%
2014	32,661	32,661	-	582,194	5.61%
2013	32,783	32,783	-	584,360	5.61%
2012	21,448	21,448	-	524,413	4.09%
2011	20,961	20,961	-	512,501	4.09%

Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2020

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, 2018 valuation are based on the result of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board experience are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Town's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through June 30, 2019

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
Primary Government:					
2019	0.0031%	\$ 49,794	\$ 600,509	8.29%	52.00%
2018	0.0030%	47,000	578,066	8.13%	51.22%
2017	0.0031%	47,000	575,774	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to					Contributions	
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll		as a % of Covered Payroll	
Primary Government							
2020	\$ 3,321	\$ 3,321	\$ -	\$ 638,697		0.52%	
2019	3,123	3,123	-	600,509		0.52%	
2018	3,006	3,006	-	578,066		0.52%	
2017	2,994	2,994	-	575,774		0.52%	
2016	2,880	2,880	-	599,914		0.48%	
2015	2,849	2,849	-	593,511		0.48%	
2014	2,795	2,795	-	582,194		0.48%	
2013	2,805	2,805	-	584,360		0.48%	
2012	1,468	1,468	-	524,413		0.28%	
2011	1,435	1,435	-	512,501		0.28%	

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2020

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, 2018 valuation are based on the result of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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Other Supplementary Information

Supporting Schedules

General Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 370,330	\$ 370,330	\$ 371,077	\$ 747
Public service corporation taxes	18,000	18,000	17,118	(882)
Personal property taxes	118,768	118,768	120,068	1,300
Penalties and interest	15,000	15,000	13,462	(1,538)
Total general property taxes	\$ 522,098	\$ 522,098	\$ 521,725	\$ (373)
Other local taxes:				
Local sales and use taxes	\$ 80,500	\$ 80,500	\$ 81,114	\$ 614
Consumers' utility taxes	55,000	55,000	52,915	(2,085)
Business license taxes	32,000	32,000	36,515	4,515
Motor vehicle licenses	16,000	16,000	9,139	(6,861)
Bank franchise tax	35,000	35,000	27,207	(7,793)
Transient occupancy tax	24,400	24,400	11,546	(12,854)
Meals taxes	169,000	169,000	138,601	(30,399)
Total other local taxes	\$ 411,900	\$ 411,900	\$ 357,037	\$ (54,863)
Permits, privilege fees and regulatory licenses:				
Zoning fees	\$ 400	\$ 400	\$ 375	\$ (25)
Fines and Forfeitures:				
Court fines and forfeitures	\$ 13,000	\$ 13,000	\$ 9,168	\$ (3,832)
Revenue from use of money and property:				
Revenue from use of money	\$ 700	\$ 700	\$ 11,968	\$ 11,268
Revenue from use of property	12,500	12,500	19,010	6,510
Total revenue from use of money and property	\$ 13,200	\$ 13,200	\$ 30,978	\$ 17,778
Charges for services:				
Boat dockage and ramp fees	\$ 68,575	\$ 68,575	\$ 36,535	\$ (32,040)
Wharf - fuel sales	110,000	110,000	103,478	(6,522)
Wharf - general	2,000	2,000	3,523	1,523
Wharf - electric	5,500	5,500	3,748	(1,752)
Trash collections	32,000	32,000	39,160	7,160
Grass cutting	400	400	-	(400)
Total charges for services	\$ 218,475	\$ 218,475	\$ 186,444	\$ (32,031)

General Fund
Schedule of Revenues - Budget and Actual
Year Ended June 30, 2020 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 8,500	\$ 8,500	\$ 44,156	\$ 35,656
Total miscellaneous	\$ 8,500	\$ 8,500	\$ 44,156	\$ 35,656
Total revenue from local sources	\$ 1,187,573	\$ 1,187,573	\$ 1,149,883	\$ (37,690)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 87,000	\$ 87,000	\$ 81,315	\$ (5,685)
PPTRA	55,232	55,232	55,232	-
Total noncategorical aid	\$ 142,232	\$ 142,232	\$ 136,547	\$ (5,685)
Categorical aid:				
State fire grant	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Police aid	40,326	40,326	39,536	(790)
Litter control grant	1,031	1,031	814	(217)
Wharf grants	48,750	48,750	-	(48,750)
Virginia commission of the arts	1,500	1,500	1,500	-
Total categorical aid	\$ 101,607	\$ 101,607	\$ 51,850	\$ (49,757)
Total revenue from the Commonwealth	\$ 243,839	\$ 243,839	\$ 188,397	\$ (55,442)
Revenue from the Federal Government:				
Categorical aid:				
Police aid	\$ 6,174	\$ 6,174	\$ 5,247	\$ (927)
Total categorical aid	\$ 6,174	\$ 6,174	\$ 5,247	\$ (927)
Total revenue from the federal government	\$ 6,174	\$ 6,174	\$ 5,247	\$ (927)
Total General Fund	\$ 1,437,586	\$ 1,437,586	\$ 1,343,527	\$ (94,059)

General Fund

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2020

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Mayor and council	\$ 14,201	\$ 14,201	\$ 13,981	\$ 220
Payroll taxes	1,087	1,087	1,070	17
Travel	1,000	1,000	-	1,000
Community promotion	15,000	15,000	10,905	4,095
Town beautification	2,000	2,000	1,648	352
Main street program	15,000	15,000	15,000	-
Tourism transient occupancy transfer	4,600	4,600	5,381	(781)
Total legislative	\$ 52,888	\$ 52,888	\$ 47,985	\$ 4,903
General and financial administration:				
Salaries	\$ 152,302	\$ 152,302	\$ 137,048	\$ 15,254
Overtime	2,500	2,500	661	1,839
Payroll taxes	11,843	11,843	8,846	2,997
Hospitalization	21,390	21,390	20,471	919
Retirement	23,495	23,495	20,143	3,352
Life insurance	1,937	1,937	1,661	276
State unemployment	366	366	399	(33)
Training	2,250	2,250	1,414	836
Auditing	16,750	16,750	16,750	-
Office equipment maintenance	19,500	19,500	19,195	305
Printing auto decals	750	750	1,738	(988)
Advertising	3,000	3,000	2,178	822
Postage	5,000	5,000	2,483	2,517
Telephone	1,750	1,750	1,576	174
Travel	2,000	2,000	1,808	192
Dues and memberships	1,200	1,200	897	303
Office supplies	15,500	15,500	5,593	9,907
Miscellaneous	3,000	3,000	1,993	1,007
Parades	-	-	623	(623)
Bank charges	1,500	1,500	1,915	(415)
Bookkeeping	3,500	3,500	3,322	178
Town attorney	4,500	4,500	-	4,500
Court fees	250	250	84	166
Consultants	10,000	10,000	1,714	8,286
Property insurance	34,238	34,238	25,363	8,875
Vehicle insurance	6,509	6,509	6,339	170
Surety bonds	200	200	-	200
Public officials and law enforcement liability	5,654	5,654	6,949	(1,295)
General liability	2,000	2,000	11,114	(9,114)
Workmens compensation	15,008	15,008	14,763	245
COVID-19 business grants	-	-	2,313	(2,313)
Total general and financial administration	\$ 367,892	\$ 367,892	\$ 319,353	\$ 48,539
Total general government administration	\$ 420,780	\$ 420,780	\$ 367,338	\$ 53,442

General Fund

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety:				
Law enforcement:				
Salaries for officers	\$ 217,261	\$ 217,261	\$ 234,547	\$ (17,286)
Overtime	9,300	9,300	5,520	3,780
Payroll taxes	17,400	17,400	18,365	(965)
Retirement	34,523	34,523	35,238	(715)
Hospitalization	29,946	29,946	25,668	4,278
Life insurance	2,847	2,847	2,905	(58)
State unemployment	484	484	562	(78)
Training	6,500	6,500	663	5,837
Vehicle repairs	4,000	4,000	4,871	(871)
Computer maintenance	2,500	2,500	3,270	(770)
Telephone	3,209	3,209	2,507	702
Line of duty act insurance	2,927	2,927	3,655	(728)
Travel	720	720	305	415
Office supplies	1,500	1,500	5,811	(4,311)
Vehicle fuel	10,000	10,000	8,343	1,657
Uniforms	3,000	3,000	2,377	623
Police supplies	9,000	9,000	5,992	3,008
Police vehicles	32,000	32,000	36,099	(4,099)
Total law enforcement	\$ 387,117	\$ 387,117	\$ 396,698	\$ (9,581)
Fire and rescue:				
Contributions fire companies	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Fire programs funding	10,000	10,000	10,000	-
Total fire and rescue	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Total public safety	\$ 422,117	\$ 422,117	\$ 431,698	\$ (9,581)
Public works:				
Street maintenance:				
Salaries	\$ 27,359	\$ 27,359	\$ 27,309	\$ 50
Overtime	1,500	1,500	282	1,218
Payroll taxes	2,200	2,200	2,116	84
Retirement	4,348	4,348	4,347	1
Hospitalization	8,556	8,556	8,556	-
Life insurance	659	659	358	301
State unemployment	97	97	90	7
Vehicle repairs	2,000	2,000	1,215	785
Electricity	25,000	25,000	24,374	626
Street repairs	30,100	30,100	7,107	22,993
Small equipment repair	500	500	117	383
Safety/street signs	300	300	357	(57)
Uniforms	200	200	200	-
Trash can liners	1,200	1,200	1,090	110
Total street maintenance	\$ 104,019	\$ 104,019	\$ 77,518	\$ 26,501

General Fund

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public works: (Continued)				
Sanitation and waste:				
Vehicle maintenance	\$ 3,000	\$ 3,000	\$ 4,007	\$ (1,007)
Trash collection service	97,100	97,100	108,207	(11,107)
Repairs and maintenance	1,000	1,000	351	649
Vehicle fuel	4,000	4,000	3,671	329
Replacement chipper	10,000	10,000	-	10,000
Total sanitation and waste	\$ 115,100	\$ 115,100	\$ 116,236	\$ (1,136)
Mosquito and weed control:				
Salaries	\$ 3,868	\$ 3,868	\$ 12,030	\$ (8,162)
Repairs and maintenance	250	250	-	250
Chemicals	2,500	2,500	-	2,500
Weed control	4,200	4,200	4,150	50
Total mosquito and weed control	\$ 10,818	\$ 10,818	\$ 16,180	\$ (5,362)
Buildings and grounds:				
Electricity	\$ 5,500	\$ 5,500	\$ 3,364	\$ 2,136
Heat	3,500	3,500	3,169	331
Janitorial supplies	1,500	1,500	1,320	180
Janitorial services - town hall	3,250	3,250	3,250	-
Repairs and maintenance	19,000	19,000	7,811	11,189
Total buildings and grounds	\$ 32,750	\$ 32,750	\$ 18,914	\$ 13,836
Total public works	\$ 262,687	\$ 262,687	\$ 228,848	\$ 33,839
Parks, recreation and cultural:				
Parks and recreation:				
Grass cutting	\$ 6,300	\$ 6,300	\$ 6,210	\$ 90
Electricity	1,200	1,200	1,560	(360)
Repair and maintenance supplies	250	250	179	71
Small tools	150	150	33	117
Plantings	2,500	2,500	831	1,669
Holiday Decorations	5,000	5,000	6,590	(1,590)
Total parks and recreation	\$ 15,400	\$ 15,400	\$ 15,403	\$ (3)

General Fund

Schedule of Expenditures -- Budget and Actual

Year Ended June 30, 2020 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation and cultural: (Continued)				
Wharf and marina:				
Salaries	\$ 50,000	\$ 50,000	\$ 49,242	\$ 758
Overtime	5,000	5,000	494	4,506
Payroll taxes	3,600	3,600	3,805	(205)
Retirement	5,673	5,673	5,562	111
Hospitalization	8,556	8,556	-	8,556
Life insurance	459	459	459	-
State unemployment	600	600	242	358
Credit card fees	-	-	1,776	(1,776)
Electric services	7,500	7,500	4,245	3,255
Telephone	500	500	460	40
Janitorial supplies	1,500	1,500	689	811
Repair and maintenance supplies	5,030	5,030	2,702	2,328
Fuel purchases	85,000	85,000	78,967	6,033
Other operating supplies	2,500	2,500	10,783	(8,283)
Capital improvement	55,000	55,000	-	55,000
Advertising	16,558	16,558	22,007	(5,449)
Total wharf and marina	\$ 247,476	\$ 247,476	\$ 181,433	\$ 66,043
Christmas lighting:				
Electricity	\$ 200	\$ 200	\$ 1,082	\$ (882)
Repairs and maintenance	500	500	107	393
Total Christmas lighting	\$ 700	\$ 700	\$ 1,189	\$ (489)
Cultural enrichment:				
Contributions to local music ensembles	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Total cultural enrichment	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Total parks, recreation, and cultural	\$ 266,576	\$ 266,576	\$ 201,025	\$ 65,551
Debt service:				
Principal retirement	\$ 29,957	\$ 29,957	\$ 29,957	\$ -
Interest and other fiscal charges	6,469	6,469	3,158	3,311
Total debt service	\$ 36,426	\$ 36,426	\$ 33,115	\$ 3,311
Nondepartmental:				
Contingencies	\$ 29,000	\$ 29,000	\$ 7,031	\$ 21,969
Total General Fund	\$ 1,437,586	\$ 1,437,586	\$ 1,269,055	\$ 168,531

Statistical Information

TOWN OF ONANCOCK, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years

	2011	2012	2013	2014
Expenses				
Governmental Activities				
General Government Administration	\$ 390,396	\$ 493,199	\$ 312,234	\$ 360,651
Public Safety	310,541	282,548	341,356	354,843
Public Works	282,050	298,067	305,429	250,481
Parks, Recreation and Cultural	150,308	137,596	130,027	198,726
Interest and other fiscal charges	10,750	10,365	11,776	6,456
Total Governmental Activities Expenses	\$ 1,144,045	\$ 1,221,775	\$ 1,100,822	\$ 1,171,157
Business-Type Activities				
Public Utilities	\$ 792,457	\$ 765,120	\$ 1,167,127	\$ 1,162,288
Total Business-Type Activities Expenses	\$ 792,457	\$ 765,120	\$ 1,167,127	\$ 1,162,288
Total Primary Government Expenses	\$ 1,936,502	\$ 1,986,895	\$ 2,267,949	\$ 2,333,445
Program Revenues				
Governmental Activities				
Charges for Services	\$ 142,456	\$ 135,692	\$ 121,538	\$ 106,723
Operating Grants and Contributions	96,083	179,152	71,021	84,690
Capital Grants and Contributions	-	109,581	194,498	50,410
Total Governmental Activities Program Revenues	\$ 238,539	\$ 424,425	\$ 387,057	\$ 241,823
Business-Type Activities				
Charges for Services	\$ 791,500	\$ 985,653	\$ 939,787	\$ 736,275
Capital Grants and Contributions	759,991	67,082	194,187	-
Total Business-Type Activities Program Revenues	\$ 1,551,491	\$ 1,052,735	\$ 1,133,974	\$ 736,275
Total Primary Government Program Revenues	\$ 1,790,030	\$ 1,477,160	\$ 1,521,031	\$ 978,098
Net (Expense)/ Revenue				
Governmental Activities	\$ (905,506)	\$ (797,350)	\$ (713,765)	\$ (929,334)
Business-Type Activities	759,034	287,615	(33,153)	(426,013)
Total Primary Government Net (Expense)/ Revenue	\$ (146,472)	\$ (509,735)	\$ (746,918)	\$ (1,355,347)
General Revenues and Other Changes in Net Position				
Governmental Activities				
General Property Taxes	\$ 454,246	\$ 370,870	\$ 439,399	\$ 432,462
Other Local Taxes	329,938	338,161	411,346	363,988
Revenues from the use of money & property	35,543	31,159	34,026	29,771
Commonwealth of Virginia - PPTRA	-	68,265	68,265	68,265
Miscellaneous	61,462	15,597	9,099	38,627
Total Governmental Activities	\$ 881,189	\$ 824,052	\$ 962,135	\$ 933,113
Business-Type Activities				
Revenues from the use of money & property	\$ 98,299	\$ 1,295	\$ 86	\$ 22
Miscellaneous	11,709	1,805	18,604	28,101
Total Business-Type Activities	\$ 110,008	\$ 3,100	\$ 18,690	\$ 28,123
Total Primary Government	\$ 991,197	\$ 827,152	\$ 980,825	\$ 961,236
Change in Net Position				
Governmental Activities	\$ (24,317)	\$ 26,702	\$ 248,370	\$ 3,779
Business-Type Activities	869,042	290,715	(14,463)	(397,890)
Total Primary Government Change in Net Position	\$ 844,725	\$ 317,417	\$ 233,907	\$ (394,111)

Table 1

2015	2016	2017	2018	2019	2020
\$ 302,632	\$ 287,787	\$ 361,305	\$ 413,815	\$ 439,012	\$ 445,193
347,946	353,330	358,015	431,419	394,527	527,376
283,050	328,012	263,010	230,893	242,127	278,067
119,280	138,795	177,883	162,004	327,598	230,244
8,280	8,113	6,390	5,325	4,213	3,158
<u>\$ 1,061,188</u>	<u>\$ 1,116,037</u>	<u>\$ 1,166,603</u>	<u>\$ 1,243,455</u>	<u>\$ 1,407,477</u>	<u>\$ 1,484,038</u>
\$ 1,178,520	\$ 1,191,331	\$ 1,139,410	\$ 1,233,602	\$ 1,284,629	\$ 1,481,930
<u>\$ 1,178,520</u>	<u>\$ 1,191,331</u>	<u>\$ 1,139,410</u>	<u>\$ 1,233,602</u>	<u>\$ 1,284,629</u>	<u>\$ 1,481,930</u>
<u>\$ 2,239,708</u>	<u>\$ 2,307,368</u>	<u>\$ 2,306,013</u>	<u>\$ 2,477,057</u>	<u>\$ 2,692,106</u>	<u>\$ 2,965,968</u>
\$ 174,923	\$ 184,936	\$ 214,705	\$ 279,475	\$ 246,784	\$ 195,987
36,607	89,290	58,540	58,158	56,760	57,097
33,621	89,965	12,708	189,743	108,560	-
<u>\$ 245,151</u>	<u>\$ 364,191</u>	<u>\$ 285,953</u>	<u>\$ 527,376</u>	<u>\$ 412,104</u>	<u>\$ 253,084</u>
\$ 849,830	\$ 872,777	\$ 1,018,085	\$ 1,190,191	\$ 1,246,115	\$ 1,269,121
335,790	-	-	-	199,973	119,986
<u>\$ 1,185,620</u>	<u>\$ 872,777</u>	<u>\$ 1,018,085</u>	<u>\$ 1,190,191</u>	<u>\$ 1,446,088</u>	<u>\$ 1,389,107</u>
<u>\$ 1,430,771</u>	<u>\$ 1,236,968</u>	<u>\$ 1,304,038</u>	<u>\$ 1,717,567</u>	<u>\$ 1,858,192</u>	<u>\$ 1,642,191</u>
\$ (816,037)	\$ (751,846)	\$ (880,650)	\$ (716,079)	\$ (995,373)	\$ (1,230,954)
7,100	(318,554)	(121,325)	(43,411)	161,459	(92,823)
<u>\$ (808,937)</u>	<u>\$ (1,070,400)</u>	<u>\$ (1,001,975)</u>	<u>\$ (759,490)</u>	<u>\$ (833,914)</u>	<u>\$ (1,323,777)</u>
\$ 423,094	\$ 410,275	\$ 493,419	\$ 508,046	\$ 493,412	\$ 513,967
428,063	333,215	328,025	388,855	428,049	357,037
29,631	29,754	8,061	10,715	19,613	30,978
68,265	163,813	161,209	158,848	152,663	136,547
20,855	19,246	24,205	20,660	25,052	44,156
<u>\$ 969,908</u>	<u>\$ 956,303</u>	<u>\$ 1,014,919</u>	<u>\$ 1,087,124</u>	<u>\$ 1,118,789</u>	<u>\$ 1,082,685</u>
\$ -	\$ -	\$ -	\$ 7,597	\$ 15,934	\$ 11,909
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,597</u>	<u>\$ 15,934</u>	<u>\$ 11,909</u>
<u>\$ 969,908</u>	<u>\$ 956,303</u>	<u>\$ 1,014,919</u>	<u>\$ 1,094,721</u>	<u>\$ 1,134,723</u>	<u>\$ 1,094,594</u>
\$ 153,871	\$ 204,457	\$ 134,269	\$ 371,045	\$ 123,416	\$ (148,269)
7,100	(318,554)	(121,325)	(35,814)	177,393	(80,914)
<u>\$ 160,971</u>	<u>\$ (114,097)</u>	<u>\$ 12,944</u>	<u>\$ 335,231</u>	<u>\$ 300,809</u>	<u>\$ (229,183)</u>

TOWN OF ONANCOCK, VIRGINIA

Changes in Fund Balances

Governmental Funds

Last Ten Fiscal Years

	2011	2012	2013	2014
Revenues				
General property taxes	\$ 420,633	\$ 373,304	\$ 428,929	\$ 436,142
Other local taxes	329,938	338,161	411,346	363,988
Permits, privilege fees and regulatory licenses	375	525	-	-
Fines and forfeitures	17,885	16,238	10,978	18,410
Revenue from the use of money and property	35,543	31,159	34,026	29,771
Charges for services	124,196	118,929	110,560	88,313
Miscellaneous	61,462	15,597	9,099	38,627
Intergovernmental	96,083	356,998	333,784	203,365
Total Revenues	\$ 1,086,115	\$ 1,250,911	\$ 1,338,722	\$ 1,178,616
Expenditures				
General administration	\$ 391,380	\$ 501,532	\$ 304,633	\$ 346,266
Public safety	294,863	301,123	325,275	343,672
Public works	243,676	258,528	265,837	269,500
Parks recreation and cultural	144,210	132,101	284,164	190,625
Rehabilitation	-	-	-	-
Capital outlays & non-departmental	-	149,797	-	11,866
Debt Service	30,070	30,070	32,301	27,838
Total Expenditures	\$ 1,104,199	\$ 1,373,151	\$ 1,212,210	\$ 1,189,767
Excess (deficiency) of revenues over (under) expenditures	\$ (18,084)	\$ (122,240)	\$ 126,512	\$ (11,151)
Other Financing Sources (Uses)				
Issuance of notes payable	\$ -	\$ -	\$ -	\$ -
Sale of capital assets	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ (18,084)	\$ (122,240)	\$ 126,512	\$ (11,151)
Debt Service as a Percentage of Expenditures	2.72%	2.46%	2.66%	2.34%

Table 2

	2015	2016	2017	2018	2019	2020
\$	440,035	\$ 418,148	\$ 460,414	\$ 527,472	\$ 503,696	\$ 521,725
	428,063	333,215	328,025	388,855	428,049	357,037
	-	400	600	950	275	375
	18,946	15,975	15,162	16,218	13,959	9,168
	29,631	29,754	8,061	10,715	19,613	30,978
	155,977	168,561	198,943	262,307	232,550	186,444
	20,855	19,246	24,205	20,660	25,051	44,156
	138,493	343,068	232,457	406,749	317,983	193,644
\$	<u>1,232,000</u>	<u>1,328,367</u>	<u>1,267,867</u>	<u>1,633,926</u>	<u>1,541,176</u>	<u>1,343,527</u>
\$	299,455	\$ 260,829	\$ 337,182	\$ 378,915	\$ 383,478	\$ 367,338
	378,356	341,395	339,992	402,976	363,321	431,698
	271,733	292,436	220,309	196,477	200,047	228,848
	167,883	203,527	196,607	394,633	309,745	201,025
	-	-	-	-	-	-
	344	28,599	11,834	20,833	30,844	7,031
	32,998	37,101	40,775	33,814	33,813	33,115
\$	<u>1,150,769</u>	<u>1,163,887</u>	<u>1,146,699</u>	<u>1,427,648</u>	<u>1,321,248</u>	<u>1,269,055</u>
\$	<u>81,231</u>	<u>164,480</u>	<u>121,168</u>	<u>206,278</u>	<u>219,928</u>	<u>74,472</u>
\$	32,000	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-	-
\$	<u>32,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>113,231</u>	<u>164,480</u>	<u>121,168</u>	<u>206,278</u>	<u>219,928</u>	<u>74,472</u>
	2.87%	3.19%	3.56%	2.37%	2.56%	2.61%

TOWN OF ONANCOCK, VIRGINIA

Schedule of Legal Debt Margin
Last Ten Fiscal Years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessed value of real estate subject to taxation	\$ <u>132,441,000</u>	\$ <u>132,954,000</u>	\$ <u>118,891,900</u>	\$ <u>118,862,000</u>
Legal Debt Limit				
10% of Assessed Value of Taxable Real Estate:	\$ 13,244,100	\$ 13,295,400	\$ 11,889,190	\$ 11,886,200
Deduct:				
Bonds Payable	<u>10,856,810</u>	<u>10,331,258</u>	<u>10,101,659</u>	<u>9,668,641</u>
Legal Margin for Creation of Additional Debt	\$ <u>2,387,290</u>	\$ <u>2,964,142</u>	\$ <u>1,787,531</u>	\$ <u>2,217,559</u>

Table 3

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ <u>117,363,100</u>	\$ <u>117,738,100</u>	\$ <u>115,819,000</u>	\$ <u>116,186,600</u>	\$ <u>115,366,200</u>	\$ <u>116,630,900</u>
\$ 11,736,310	\$ 11,773,810	\$ 11,581,900	\$ 11,618,660	\$ 11,536,620	\$ 11,663,090
<u>9,223,390</u>	<u>8,645,722</u>	<u>8,226,150</u>	<u>7,804,707</u>	<u>7,381,329</u>	<u>6,955,956</u>
\$ <u>2,512,920</u>	\$ <u>3,128,088</u>	\$ <u>3,355,750</u>	\$ <u>3,813,953</u>	\$ <u>4,155,291</u>	\$ <u>4,707,134</u>

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2011	\$ 444,068	\$ 420,633	94.72%
2012	473,369	441,569	93.28%
2013	473,286	498,762	105.38%
2014	484,286	488,427	100.86%
2015	482,140	488,180	101.25%
2016	489,609	471,763	96.36%
2017	498,602	495,318	99.34%
2018	575,275	558,488	97.08%
2019	569,022	558,857	98.21%
2020	579,137	563,495	97.30%

(1) Exclusive of penalties and interest.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year		Real Estate (1)		Personal Property		Public Service (2)		Total
2011	\$	132,441,000	\$	8,451,962	\$	7,036,928	\$	147,929,890
2012		132,954,000		8,504,206		6,753,652		148,211,858
2013		118,891,900		8,293,639		6,195,454		133,380,993
2014		118,862,000		8,964,622		5,705,176		133,531,798
2015		117,363,100		9,350,884		5,236,800		131,950,784
2016		117,738,100		9,547,476		5,120,424		132,406,000
2017		115,819,000		9,781,675		5,395,276		130,995,951
2019		116,186,600		9,831,688		5,434,336		131,452,624
2019		115,366,200		9,515,894		5,435,513		130,317,607
2020		116,630,900		9,985,187		5,252,368		131,868,455

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

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

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Compliance

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Onancock, Virginia as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Onancock, Virginia's basic financial statements, and have issued our report dated July 20, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farnell, Cox Associates

Charlottesville, Virginia
July 20, 2021