



AUDITED
FINANCIAL STATEMENTS
JUNE 30, 2024

TOWN OF COEBURN, VIRGINIA
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Year Ended June 30, 2024

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TOWN OF COEBURN, VIRGINIA
TOWN OFFICIALS

MAYOR:

Deventae Mooney

VICE- MAYOR:

Sharon Still

OTHER COUNCIL MEMBERS:

Jeff Kiser
Carles Collins
Joseph Still

OTHER OFFICIALS:

Town Manager
Treasurer – Clerk
Legal Counsel

Jimmy Williams
Cathy Sharpe
William Sturgill

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CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 505, Lebanon, VA 24266
(276) 889-3103

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Coeburn, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Coeburn, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Coeburn, Virginia, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Coeburn, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Coeburn, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB information, and budgetary comparison information on pages 5–13, 67-71 and 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Coeburn, Virginia's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2025, on our consideration of the Town of Coeburn, 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 the Town of Coeburn, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Coeburn, Virginia's internal control over financial reporting and compliance.

Lucker, Brandenburg & Company, PLLC

Lebanon, Virginia
May 1, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

To the Honorable Members of the Town Council
To the Citizens of Coeburn
Coeburn, Virginia

As management of the Town of Coeburn, we offer readers of the Town's financial statements this narrative overview and analysis of the financial statements of the Town for the Fiscal Year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic audited financial statements.

Financial Highlights:

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$11,152,040 (net position). Of this amount, \$811,648 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town's funds reported combined ending cash balances of \$705,972, an decrease of \$730,231 in comparison with the prior year. Approximately 37% of this total amount, or \$266,407 is available for spending at the Town's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$681,983 or 36% of total general fund expenditures.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise four components:

- Government-wide financial statements,
- General Fund financial statements,
- Proprietary Fund financial statements, and
- Notes to the financial statements.

Government-wide financial statements

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

The balance sheet, or statement of net position, presents information on all of the Town's assets, liabilities, deferred inflows and deferred outflows, with the difference 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 income statement, or 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 result in cash flows in future fiscal periods (e.g., uncollected taxes and long-term debt.)

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 administrative, public safety, sanitation, public works, parks and recreation, and cultural events. The Government-wide financial statements include not only the Town of Coeburn general fund, but also the water and sewer funds (for which the Town of Coeburn is financially accountable.)

General Fund statements

The General Fund is the primary fund used to account for the Town's current operations by recording inflows and outflows of current financial resources and is prepared on the modified accrual basis of accounting. The difference between the assets, liabilities, deferred inflows, and deferred outflows is the fund balance. GASB-34 requires a "Balance Sheet" and a "Statement of Revenues, Expenditures, and Changes in Fund Balances" be presented. The Town adopts an annual appropriated budget for its Governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance or non-compliance with this budget.

Proprietary Fund statements

This separate 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 Coeburn, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Notes to the Financial Statements

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town this fiscal year, assets and deferred outflows exceed liabilities and deferred inflows by \$11,152,040. The largest portion of the Town's net position (92%) reflects its investment in capital assets (e.g., land, buildings, 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.

	<u>FY 2024</u>	<u>FY 2023</u>
Current and other assets	\$1,406,541	\$ 2,415,465
Capital assets	<u>13,972,003</u>	<u>13,976,922</u>
Total assets	<u>15,378,544</u>	<u>16,392,387</u>
Deferred Outflows	<u>110,411</u>	<u>73,714</u>
Current liabilities	220,213	664,832
Long-term liabilities	<u>3,839,905</u>	<u>3,972,118</u>
Total liabilities	<u>4,060,118</u>	<u>4,636,950</u>
Deferred Inflows	<u>276,797</u>	<u>949,405</u>
Net investment in capital assets	10,287,383	10,169,214
Restricted	53,009	134,444
Unrestricted	<u>811,648</u>	<u>576,089</u>
Total net position	<u>\$11,152,040</u>	<u>\$10,879,747</u>

At the end of the current fiscal year, the Town reports positive amounts in net position. Governmental activities increased the net position by \$154,043 while proprietary activities increased net position by \$118,250.

Town of Coeburn's Change in Net Position

	<u>Primary Government.</u>	
	<u>2024</u>	<u>2023</u>
Revenues:		
Program revenues:		
Charges for services	\$ 2,009,463	\$1,830,856
Operating grants and contributions	60,786	57,793
Capital grants and contributions	880,819	3,178,422
General revenues:		
Property taxes	277,509	239,971
Other local taxes	763,699	761,858
Miscellaneous	<u>42,248</u>	<u>56,363</u>
Total revenues	<u>4,034,524</u>	<u>6,125,263</u>
Expenses:		
General government	219,485	187,809
Public safety	686,791	682,603
Public works	734,279	638,803
Parks, Recreation & Cultural	(845)	56,281
Community Development	35,519	48,490
Other	-0-	-0-
Water and Sewer	<u>2,087,002</u>	<u>2,031,211</u>
Total expenses	<u>3,762,231</u>	<u>3,645,197</u>
Increase (Decrease) in net position	<u>\$ 272,293</u>	<u>\$2,480,066</u>

The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$681,983, while the total fund balance was \$732,044. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 36% of general fund expenditures. The general fund balance decreased \$22,716 during the current year.

The enterprise fund has a total net position of \$7,618,411, of which \$66,615 is unrestricted. The enterprise fund balance increased by \$118,250 during the current year.

General Fund Budgetary Highlights

During the 2024 fiscal year, the Town had no amendments to its original budget. Additional funds were appropriated during the year that exceeded the original budget for some line items, and expenditures did exceed the original budget overall.

The actual expenditures were above budget by \$298,398. Code of Virginia section 15.2 paragraphs 2503-2507 sets forth the requirements to ensure an approved appropriation.

Capital Assets and Debt Administration

Capital assets – The Town’s government-wide investment in capital assets as of June 30, 2024 amounts to \$13,972,003 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total decrease in the Town’s investment in capital assets for all activities less disposals for the current fiscal year was \$4,919.

	<u>Primary Government .</u>	
	<u>2024</u>	<u>2023 .</u>
Land	\$ 964,915	\$ 964,915
Construction in Progress	120,514	7,940,064
Buildings and Improvements	17,818,867	9,896,169
Machinery and Equipment	<u>4,266,079</u>	<u>3,657,062</u>
Total capital assets	<u>23,170,375</u>	<u>22,458,210</u>
Less: accumulated depreciation	<u>9,198,371</u>	<u>8,481,288</u>
Net capital assets	<u>\$13,972,004</u>	<u>\$13,976,922</u>

Additional information on the Town’s capital assets can be found in Note 10.

Long-term debt – At the end of the current fiscal year, the Town had structured installment purchases for vehicles, equipment, and infrastructure. Additional information on the Town of Coeburn’s long-term debt can be found in Note 11 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The June 2024 unemployment rate for the local area was 4.7% percent, which is an increase from a rate of 4.3% percent a year ago. This is higher than the state’s average unemployment rate of 3.2% percent by 1.5 percent and higher than the national average rate of 4.1% by 0.6 percent.
- Inflationary trends in the region compare equally to the national indices.
- These factors were considered in preparing Coeburn’s FY 2023 budget.

Request for Information

This financial report is designed to provide a general overview of the Town’s finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Town Manager, Town of Coeburn, 403 2nd Street NE, P. O. Box 370, Coeburn, VA 24230.

TOWN OF COEBURN, VIRGINIA
GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2024

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 45,703	\$ 220,704	\$ 266,407
Receivables, net			
Due from Other Governmental Units	109,416	-	109,416
Taxes	50,724	-	50,724
Accounts	15,177	212,838	228,015
Accrued Interest	48,708	49,739	98,447
Other	12,284	77,492	89,776
Interfund balances	519,080	(519,080)	-
Net Pension Asset	50,918	73,273	124,191
Restricted cash	1,784	437,781	439,565
Capital assets, depreciable, net	1,827,897	11,058,677	12,886,574
Capital assets, non-depreciable	958,915	126,514	1,085,429
TOTAL ASSETS	3,640,606	11,737,938	15,378,544
<u>DEFERRED OUTFLOWS</u>			
Pension Plan	36,799	59,173	95,972
GLI OPEB	6,931	7,508	14,439
TOTAL DEFERRED OUTFLOWS	43,730	66,681	110,411
<u>LIABILITIES</u>			
Accounts payable	23,483	8,603	32,086
Accrued liabilities and wages	24,793	24,666	49,459
Customer deposits	-	128,785	128,785
Interest payable	-	2,713	2,713
Other current liabilities	-	7,170	7,170
Long-term Liabilities:			
Due within one year	-	135,697	135,697
Due within more than one year	-	3,548,923	3,548,923
GLI OPEB Liability	22,393	24,260	46,653
Compensated Absences:			
Due within one year	13,483	15,848	29,331
Due within more than one year	36,453	42,848	79,301
TOTAL LIABILITIES	120,605	3,939,513	4,060,118
<u>DEFERRED INFLOWS</u>			
American Rescue Plan Act Fund	-	204,733	204,733
Pension Plan	26,294	37,837	64,131
GLI OPEB	3,808	4,125	7,933
TOTAL DEFERRED INFLOWS	30,102	246,695	276,797
<u>NET POSITION</u>			
Net investment in capital assets	2,786,812	7,500,571	10,287,383
Restricted	1,784	51,225	53,009
Unrestricted	745,033	66,615	811,648
TOTAL NET POSITION	3,533,629	7,618,411	11,152,040

The accompanying notes are an integral part of the financial statements

TOWN OF COEBURN, VIRGINIA
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
June 30, 2024

FUNCTIONS/PROGRAMS:	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 219,485	\$ -		\$ 389,201	\$ 169,716	\$ -	\$ 169,716
Public safety	686,791	15,000	60,786	179,818	(431,187)	-	(431,187)
Public works	734,279	111,225	-	-	(623,054)	-	(623,054)
Parks, recreation and cultural	(845)	27,300	-	-	28,145	-	28,145
Community Development	35,519	-	-	-	(35,519)	-	(35,519)
Miscellaneous	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Governmental Activities	<u>1,675,229</u>	<u>153,525</u>	<u>60,786</u>	<u>569,019</u>	<u>(891,899)</u>	<u>-</u>	<u>(891,899)</u>
Business-Type Activities:							
Water	1,271,278	1,081,817	-	227,382		37,921	37,921
Sewer	<u>815,724</u>	<u>774,121</u>	<u>-</u>	<u>84,418</u>	<u>-</u>	<u>42,815</u>	<u>42,815</u>
Total Business-Type Activities	<u>2,087,002</u>	<u>1,855,938</u>	<u>-</u>	<u>311,800</u>	<u>-</u>	<u>80,736</u>	<u>80,736</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 3,762,231</u>	<u>\$ 2,009,463</u>	<u>\$ 60,786</u>	<u>\$ 880,819</u>	<u>(891,899)</u>	<u>80,736</u>	<u>\$ (811,163)</u>
General Revenues:							
Property taxes					277,509	-	277,509
Other local taxes					763,699	-	763,699
Unrestricted intergovernmental revenue					18,140	-	18,140
Restricted intergovernmental revenue					-	-	-
Unrestricted investment earnings					503	972	1,475
Rental of Town property					4,835	-	4,835
Operating Transfer					(36,542)	36,542	-
Other					17,798	-	17,798
Total general revenues and transfers					<u>1,045,942</u>	<u>37,514</u>	<u>1,083,456</u>
Change in net position					154,043	118,250	272,293
NET POSITION - JULY 01					3,379,586	7,500,161	10,879,747
NET POSITION - JUNE 30					<u>\$ 3,533,629</u>	<u>\$ 7,618,411</u>	<u>\$ 11,152,040</u>

The accompanying notes are an integral part of the financial statements

BALANCE SHEET
GOVERNMENTAL FUND
Year Ended June 30, 2024

	General Fund	Total
<u>ASSETS</u>		
Cash and cash equivalents	\$ 45,703	\$ 45,703
Receivables, net:		
Due from Other Governmental Units	109,416	109,416
Taxes	50,724	50,724
Accounts	15,177	15,177
Accrued Interest	48,708	48,708
Other	12,284	12,284
Due from Other Funds	519,080	519,080
Prepaid Insurance	-	-
Restricted cash	1,784	1,784
TOTAL ASSETS	\$ 802,876	\$ 802,876
<u>LIABILITIES</u>		
Accounts payable	\$ 23,485	\$ 23,485
Accrued payroll and related liabilities	24,793	24,793
TOTAL LIABILITIES	48,278	48,278
<u>DEFERRED INFLOWS</u>		
Property taxes receivable	22,554	22,554
<u>FUND BALANCES</u>		
Nonspendable	-	-
Committed Funds	1,784	1,784
Assigned Funds	48,277	48,277
Unassigned Funds	681,983	681,983
TOTAL FUND BALANCES	732,044	732,044
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 802,876	\$ 802,876

**Amounts Reported for Governmental Activities in the
Statement of Net Assets are Different Because:**

Total Fund Balances \$ 732,044

Capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$6,938,585 and the accumulated depreciation is \$4,151,773 2,786,812

Because the focus of governmental funds is on current resources, some inflows/outflows of resources are recognized in future periods and are not included in the governmental funds. 36,184

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consisted of the following:

Net pension asset \$50,918	
Net GLI OPEB liability (22,393)	
Compensated absences (49,936)	(21,411)
Net Position of Governmental Activities	\$ 3,533,629

The accompanying notes are in an integral part of the financial statements.

TOWN OF COEBURN, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
Year Ended June 30, 2024

EXHIBIT 4

	General Fund	
	2024	Total
REVENUES:		
General property taxes	\$ 283,194	\$ 283,194
Other local taxes	763,699	763,699
Permits, privilege fees and regulatory licenses	350	350
Fines and forfeitures	1,899	1,899
Revenue from the Use of Money and Property	5,338	5,338
Charges for services	151,276	151,276
Miscellaneous	16,161	16,161
Intergovernmental	<u>649,583</u>	<u>649,583</u>
TOTAL REVENUES	<u>1,871,499</u>	<u>1,871,499</u>
EXPENDITURES:		
Current:		
General government administration	191,249	191,249
Public safety	917,827	917,827
Public works	645,464	645,464
Parks, recreation and cultural	67,927	67,927
Community development	35,205	35,205
Miscellaneous	-	-
Debt Service:	-	-
Principal Retirement	-	-
Interest	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,857,672</u>	<u>1,857,672</u>
EXCESS (DEFICIENCY) OF		
 REVENUES OVER EXPENDITURES	13,827	13,827
OTHER FINANCING SOURCES (USES):		
Loan proceeds	-	-
Operating transfers	<u>(36,542)</u>	<u>(36,542)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(36,542)</u>	<u>(36,542)</u>
NET CHANGE IN FUND BALANCE	(22,715)	(22,715)
FUND BALANCE, JULY 01	<u>754,760</u>	<u>754,760</u>
FUND BALANCE, JUNE 30	<u><u>\$ 732,045</u></u>	<u><u>\$ 732,045</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF COEBURN, VIRGINIA
RECONCILIATION OF THE REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

EXHIBIT 5

	<u>General Fund</u>
Net Change in Fund Balance- (As Presented In This Statement):	\$ (22,715)
Amounts Presented for Governmental Activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation in the period.	196,930
Because some revenue will not be collected for several months after the Town's year end, they are not considered as "available" revenues in the governmental funds. Deferred inflows increased by this amount this year.	(35,193)
In the governmental funds, loan proceeds are recorded as revenues and loan payments are recorded as expenditures. In the statement of activities however, loan proceeds are recorded as a liability and the payments are a reduction of that liability. This amount represents the change in liability balance.	-
In the statement of activities, expenses are measured by the amounts incurred during the year. In governmental funds however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount incurred versus the amount used.	<u>15,022</u>
Change in Net Position of Governmental Activities as Reported on the Statement of Activities	<u><u>\$ 154,044</u></u>

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

TOWN OF COEBURN, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2024

2024**Enterprise Fund**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash & cash equivalents	\$ 189,106	\$ 31,598	\$ 220,704
Restricted cash & cash equivalents	192,371	245,410	437,781
Due from Other Governments	-	-	-
Receivables, net	108,016	104,822	212,838
Penalties & interest receivable	44,749	4,990	49,739
Other Receivables	4,141	73,351	77,492
Noncurrent Assets:			
Restricted cash & cash equivalents	-	-	-
Net Pension Asset	55,886	17,387	73,273
Capital assets, depreciable, net	9,633,384	1,425,293	11,058,677
Capital assets, non-depreciable	6,000	120,514	126,514
TOTAL ASSETS	<u>10,233,653</u>	<u>2,023,365</u>	<u>\$ 12,257,018</u>
<u>DEFERRED OUTFLOWS</u>			
Pension Plan	40,389	18,784	59,173
GLI OPEB	5,631	1,877	7,508
TOTAL DEFERRED OUTFLOWS	<u>46,020</u>	<u>20,661</u>	<u>66,681</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	3,347	5,256	\$ 8,603
Accrued wages and liabilities	17,889	6,777	24,666
Interest Payable	2,713	-	2,713
Compensated Absences	13,037	2,811	15,848
Customer deposits	128,785	-	128,785
Other current liabilities	7,170	-	7,170
Notes Payable	62,346	73,351	135,697
Due to other funds	342,496	176,584	519,080
Noncurrent Liabilities			
Compensated Absences	35,248	7,600	42,848
Net GLI OPEB Liability	18,195	6,065	24,260
Notes Payable	2,823,665	725,258	3,548,923
TOTAL LIABILITIES	<u>3,454,891</u>	<u>1,003,702</u>	<u>4,458,593</u>
<u>DEFERRED INFLOWS</u>			
American Rescue Plan Act Funds	-	204,733	204,733
Pension Plan	28,859	8,978	37,837
GLI OPEB	3,094	1,031	4,125
TOTAL DEFERRED INFLOWS	<u>31,953</u>	<u>214,742</u>	<u>246,695</u>
<u>NET POSITION</u>			
Net investment in capital assets	6,753,373	747,198	7,500,571
Restricted	51,225	-	51,225
Unrestricted	(11,769)	78,384	66,615
TOTAL NET POSITION	<u>6,792,829</u>	<u>825,582</u>	<u>7,618,411</u>

The accompanying notes are an integral part of the financial statements

TOWN OF COEBURN, VIRGINIA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended June 30, 2024

	<u>2024</u>		
	Enterprise Fund		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u> <u>Enterprise Fund</u>
OPERATING REVENUES:			
Water rents	\$ 1,005,934	\$ -	\$ 1,005,934
Sewer rents	-	755,450	755,450
Sale of labor and materials	-	-	-
Water and sewer tap fees	2,000	1,750	3,750
Miscellaneous	<u>73,883</u>	<u>16,921</u>	<u>90,804</u>
Total Operating Revenues	<u>\$ 1,081,817</u>	<u>\$ 774,121</u>	<u>\$ 1,855,938</u>
OPERATING EXPENSES:			
Personnel services	\$ 416,682	\$ 169,530	\$ 586,212
Fringe benefits	204,775	64,626	269,401
Contractual services	-	-	-
Repairs and maintenance	36,403	-	36,403
Supplies	10,127	-	10,127
Other charges	239,141	454,566	693,707
Projects and Equipment	135	-	135
Depreciation	<u>313,965</u>	<u>127,002</u>	<u>440,967</u>
Total Operating Expenses	<u>1,221,228</u>	<u>815,724</u>	<u>2,036,952</u>
OPERATING INCOME (LOSS)	<u>(139,411)</u>	<u>(41,603)</u>	<u>(181,014)</u>
NON-OPERATING REVENUES (EXPENSES) :			
Interest expense	(49,948)	870	(49,078)
Grant revenue	227,382	84,418	311,800
Operating transfers	<u>(1,038)</u>	<u>37,580</u>	<u>36,542</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>176,396</u>	<u>122,868</u>	<u>299,264</u>
CHANGE IN NET POSITION	36,985	81,265	118,250
NET POSITION, JULY 01	<u>6,755,844</u>	<u>744,317</u>	<u>7,500,161</u>
NET POSITION, JUNE 30	<u>\$ 6,792,829</u>	<u>\$ 825,582</u>	<u>\$ 7,618,411</u>

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

TOWN OF COEBURN, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2024

	2024		
	Enterprise Fund		
	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Received from customers	\$ 1,037,752	\$ 730,574	\$ 1,768,326
Payments to suppliers	(363,702)	(534,006)	(897,708)
Payments to employees	(593,662)	(230,219)	(823,881)
Other receipts	<u>73,883</u>	<u>16,921</u>	<u>90,804</u>
Net Cash Provided (Used) By Operating Activities	<u>154,271</u>	<u>(16,730)</u>	<u>137,541</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfer from other funds	(1,038)	37,580	36,542
Increase (decrease) in due to other funds	(26,542)	26,542	-
Increase (decrease) in customer deposits	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Provided (Used) By NonCapital Financing Activities	<u>(27,580)</u>	<u>64,122</u>	<u>36,542</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(214,730)	(24,388)	(239,118)
Proceeds from borrowings	2,035,000	-	2,035,000
Principal paid on debt	(2,084,737)	(73,351)	(2,158,088)
Contributions & grants	(98,002)	(205,437)	(303,439)
Interest paid on debt	<u>(49,190)</u>	<u>-</u>	<u>(49,190)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(411,659)</u>	<u>(303,176)</u>	<u>(714,835)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and dividends on investments	<u>102</u>	<u>870</u>	<u>972</u>
Net Cash Provided (Used) By Investing Activities	<u>102</u>	<u>870</u>	<u>972</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(284,866)	(254,914)	(539,780)
CASH BALANCES, BEGINNING OF YEAR	<u>666,343</u>	<u>531,922</u>	<u>1,198,265</u>
CASH BALANCES, END OF YEAR	<u>\$ 381,477</u>	<u>\$ 277,008</u>	<u>\$ 658,485</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (139,411)	\$ (41,603)	\$ (181,014)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:			
Depreciation	313,965	127,002	440,967
CHANGES IN NET ASSETS AND LIABILITIES:			
(Increase) decrease in accounts receivable	29,818	(26,626)	3,192
Increase (decrease) in accounts payable and accrued expenses	(78,386)	(78,737)	(157,123)
Change in pension and OPEB plan deferrals & liabilities	<u>28,285</u>	<u>3,234</u>	<u>31,519</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ 154,271</u>	<u>\$ (16,730)</u>	<u>\$ 137,541</u>
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:			
Current Assets-Cash and Cash Equivalents	\$ 189,106	\$ 31,598	\$ 220,704
Restricted Assets-Cash and Cash Equivalents	<u>192,371</u>	<u>245,410</u>	<u>437,781</u>
Total Cash and Cash Equivalents	<u>\$ 381,477</u>	<u>\$ 277,008</u>	<u>\$ 658,485</u>

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

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Coeburn, Virginia, is incorporated under and has all powers conferred upon towns under the Constitution of Virginia and all other laws of the Commonwealth. The Town is governed by a town council composed of five members, elected at large. The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the Town for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities. The Town's financial statements include all the Town operations.

B. Financial Reporting Model

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB 34)*. This statement, known as the "Reporting Model" statement, affects the way the Town prepares and presents financial information. State and local governments traditionally have used a financial reporting model substantially different from the one used to prepare private-sector financial reports. The Town has implemented the requirements of GASB 34, beginning with the year ended June 30, 2004.

GASB 34 established requirements and the new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions and includes the following components:

Management's Discussion and Analysis – GAAP requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is comparable to analysis the private sector provides in their annual reports.

Government-Wide Financial Statements – The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities (i.e., reports all of the revenue and cost of providing services each year, not just those received or paid in the current year or soon thereafter). Government-wide financial statements do not provide information by fund or account group, but distinguish between the Town's governmental activities, business-type activities and activities of its discretely presented component units on the Statement of Net Position and Statement of Activities. Significantly, the Town's Statement of Net Position includes both noncurrent assets and noncurrent liabilities of the Town. Depreciation expense on the Town's capital assets, including infrastructure, is reflected in the government-wide Statement of Activities.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Financial Reporting Model (continued)

Statement of Net Position – The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. The Town reports all capital assets, including infrastructure, in the government-wide Statement of Net Position and reports depreciation expense — the cost of “using up” capital assets — in the Statement of Activities. The net assets of the Town are reported in three categories — 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities – The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the 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 specific 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. All taxes, and other items not properly included among program revenues, are reported instead as general revenues.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, etc.) which are not 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 and operating and capital grants and contributions. The program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity.

Fund Statements – In addition to the government-wide financial statements, the Town reports fund financial statements which use the modified accrual basis of accounting and the current financial resources measurement focus. Accordingly, the accounting and financial reporting for the Town’s Governmental fund types (i.e., General, and Proprietary) are similar to that previously presented in the Town’s financial statements. See note 1(c) for further discussion.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In the first type, monies must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore, revenues are recognized based upon the expenditures recorded. In the second type, monies are virtually unrestricted as to time of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

Governmental fund financial statements are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Reporting Entity considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Real and personal property taxes are recorded as revenues and receivables when levied, net of allowances for uncollectible amounts. Property tax receivables not collected within 45 days after year-end are reflected as deferred revenue. Sales and utility taxes, which are collected by the Commonwealth or utility companies by year-end and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the Commonwealth of Virginia or utility company, which is generally in the month preceding receipt by the Town.

Licenses and permits, fines, charges for services and miscellaneous revenues, except interest on temporary investments, are recorded as revenues when received because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available. Unbilled accounts receivable are recorded in the Enterprise Funds when earned.

The governmental funds financial statements are presented on a current financial resources measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. A summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total net assets (deficit) for governmental activities as shown on the government-wide Statement of Net Position is presented in a schedule accompanying the governmental funds balance sheet. The assets and liability elements which comprise the reconciliation differences stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

A summary reconciliation of the differences between net change in total fund balances as reflected on the governmental funds statement of revenues, expenditures and changes in fund balances, and the change in net position for governmental activities as shown on the government-wide Statement of Activities, is presented in a schedule accompanying the governmental funds statement of revenues, expenditures and changes in fund balances. The revenue and expense elements which comprise the reconciliation differences stem from the governmental funds using the current financial resources measurement focus and the modified accrual basis of accounting while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the Town's enterprise funds are charges to customers for goods and services. Operating expenses for these funds include the cost of sales and service, administrative expenses and depreciation of capital assets. Any revenues and expenses not meeting this definition are reported as non- operating revenues and expenses.

The focus of the Reporting Model is on the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds, the operations of which are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate.

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and all of the individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It is used to account for all financial transactions and resources except those required to be accounted for 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.

Proprietary Funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Town reports the following proprietary funds: Water Fund & Sewer Fund.

GASB Statement No. 20 requires proprietary activities to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board ("FASB") pronouncements, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB No. 20, management has elected not to apply FASB pronouncement issues after November 30, 1989.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgets and Budgetary Accounting

As set forth in the Town Charter, the Town Council adopts an annual budget for the General Fund and Enterprise Funds. The annual budget for the General Fund is prepared in accordance with the basis of accounting utilized by that fund. The budget for the Enterprise Fund is adopted under a basis consistent with GAAP, except that depreciation is not funded. All annual appropriations lapse at fiscal year-end.

E. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

F. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$1,000 or more and an estimated useful life of at least two years. All capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings/building improvements	40
Utility transmission lines and mains	20-40
Furniture and equipment	10
Vehicles	5-7

G. Cash Equivalents

For the purposes of the combined statement of cash flows, the water fund and the sewer fund consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

H. Total Columns on Combined Statements - Overview

The total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Pensions

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

J. Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's 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.

K. Fund Balances

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Statement No. 54) in February 2009 to provide new financial reporting categories for fund balances of governmental funds. In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Nonspendable includes amounts not in spendable form, such as prepaid expenses, inventories, or amounts legally or contractually required to remain intact (such as the principal of a permanent fund). Restricted represents those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town of Coeburn's governing board. Assigned fund balance is constrained by the Town's governing board or an appointed decision-making authority's intent to be used for specific purposes.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, the Town will adhere to the default policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, the Town will adhere to the default policy to spend committed resources first.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

2. CASH AND CASH EQUIVALENTS

Deposits

All cash of the Town is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 *ET. Seq.* of the *Code of Virginia*, or covered by federal depository insurance.

Investments

Investment Policy:

In accordance with the Code of Virginia and other applicable law, including regulations, the Town permits investments in U. S. Treasury Securities, U. S. agency securities, prime quality commercial paper, non-negotiable certificates of deposit and time deposits of Virginia banks, negotiable certificates of deposit of domestic banks, bankers acceptances with domestic banks, Commonwealth of Virginia and Virginia Local Government Obligations, repurchase agreements collateralized by the U. S. Treasury/Agency securities, the Virginia State Non-Arbitrage Program or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool).

Credit Risk:

As required by state statute, the Town requires that commercial paper have a short-term debt rating of no less than "A-1" (or equivalent) from a nationally recognized statistical rating organization.

Concentration of Credit Risk:

Deposits and investments held by any single issuer that exceeded 5% are as follows:

Miners Exchange Bank	100%
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Custodial Credit Risk:

As required by the *Code of Virginia*, all security holdings with maturities over 30 days may not be held in safekeeping with the "counterparty" to the investment transaction. As of June 30, 2024 all of the Town's investments are held in a bank's trust department in the Town's name.

The above items are reflected in the financial statements as follows:

Deposits and investments:	<u>Primary Government</u>
Cash on hand	\$ 4,095
Deposits	<u>701,877</u>
TOTAL	<u>\$ 705,972</u>

Statement of net position:

Cash and cash equivalents	\$ 266,407
Restricted-ARPA Grant	245,410
Restricted-Customer Deposits	141,146
Restricted-VRA Reserved	51,225
Restricted-State Fire Fund	5
Restricted-Police Department	<u>1,779</u>
TOTAL	<u>\$ 705,972</u>

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3. *PROPERTY TAXES RECEIVABLE*

Property is assessed at its value and taxes attach as an enforceable lien on January 1. Tax levy information is received from Wise County, and tax bills are mailed in November. Taxes are due and payable on or before December 5 of the current year. All unpaid taxes become delinquent December 6 of the current year. The Town bills and collects its own property taxes and revenues are recognized when collected.

4. *DUE TO/FROM OTHER FUNDS*

The following is a summary of amounts due from and due to other funds at June 30, 2024:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Water	\$ 493,832	\$ 0
Sewer	<u>25,248</u>	<u>0</u>
Total General Fund	<u>519,080</u>	<u>0</u>
Water Fund:		
General Fund	0	493,832
Sewer Fund	<u>151,336</u>	<u>0</u>
Total Water Fund	<u>151,336</u>	<u>493,832</u>
Sewer Fund:		
General Fund	0	25,248
Water Fund	<u>0</u>	<u>151,336</u>
Total Sewer Fund	<u>0</u>	<u>176,584</u>
Net Amount Due Between Funds	<u>\$ 670,416</u>	<u>\$ 670,416</u>

5. *DUE FROM OTHER GOVERNMENTAL UNITS*

Commonwealth of Virginia	
Local Sales Tax	\$ 33,841
PPTRA	17,807
Communications Tax	4,734
Mobile Home Sales Tax	-0-
Rolling Stock Tax	5,008
TDO-Police Grant	<u>468</u>
Total Commonwealth of Virginia	<u>61,858</u>
Federal	
Department of Criminal Justice-ARPA	<u>44,639</u>
Total Federal	<u>44,639</u>
Wise County	
Coal Road Taxes	2,811
Fines & Forfeitures	<u>108</u>
Total Wise County	<u>2,919</u>
Total Due from Other Governments	<u>\$ 109,416</u>

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

6. CLAIMS, JUDGEMENTS AND COMPENSATED ABSENCES

In accordance with GASB Statement 16, "Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences", the Town has accrued the liability arising from outstanding claims and judgments and compensated absences. The Town allows employees to accumulate limited vacation and sick pay amounts based on the number of years of service. These accumulated amounts are paid upon termination of employment per the Town's personnel policies.

As of June 30, 2024, the liability for accrued compensated absences was \$108,631. \$49,935 of this amount is applicable to governmental activities and \$58,696 to business-type activities. The amount expected to be paid from current resources is \$29,330.

7. SURETY BONDS

The Town of Coeburn has \$50,000 blanket bond coverage with Aetna Life and Casualty Insurance Company.

8. LITIGATION

It is the opinion of the Town's management and legal counsel that there are not any outstanding or pending litigation claims or assessments against the Town which could have a material effect on the Town's financial statements.

9. 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 and so will not be recognized as an expense or expenditure until then. The Town currently has deferred outflows totaling \$104,192 as of June 30, 2024. Of this amount, \$89,753 represents deferred pension outflows and \$14,439 represents deferred outflows for other post-employment benefits.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has deferred inflows totaling \$273,797 as of June 30, 2024. Of this amount, \$61,131 represents the deferred pension inflows; \$7,933 represents deferred inflows for other post-employment benefits; and \$204,733 represents American Rescue Plan Act (ARPA) funding. The balance sheet for the general fund includes deferred inflows amounting to \$22,554 of uncollected tax billings not available for funding of current expenditures.

10. CAPITAL ASSETS

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

Governmental Activities:	<u>Amount</u>
General government	\$ 25,841
Public safety	92,285
Public works	120,821
Parks, recreation and culture	<u>37,169</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 276,116</u>
 Business-Type Activities:	
Water	\$ 313,965
Sewer	<u>127,002</u>
Total Depreciation Expense – Business-Type Activities	<u>\$ 440,967</u>

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

10. CAPITAL ASSETS (continued)

The following is a summary of changes in capital assets:

Governmental Activities	July 1 Balance	Increases	Decreases	June 30 Balance
Capital assets, not depreciated				
Land	\$ 958,915	\$ -	\$ -	\$ 958,915
Construction in Progress	-	-	-	-
Total Capital Assets, not Depreciated	<u>958,915</u>	<u>-</u>	<u>-</u>	<u>958,915</u>
Capital assets, depreciated				
Buildings and improvements	2,294,878	-	-	2,294,878
Vehicles and equipment	3,211,745	473,047	-	3,684,792
Total Capital Assets, Depreciated	<u>5,506,623</u>	<u>473,047</u>	<u>-</u>	<u>5,979,670</u>
Less accumulated depreciation for				
Buildings and improvements	(1,689,519)	(60,759)	-	(1,750,278)
Vehicles and equipment	(2,186,138)	(215,357)	-	(2,401,495)
Total accumulated depreciation	<u>(3,875,657)</u>	<u>(276,116)</u>	<u>-</u>	<u>(4,151,773)</u>
Total Capital Assets, depreciated, net	<u>1,630,966</u>	<u>196,931</u>	<u>-</u>	<u>1,827,897</u>
Governmental activities capital assets, net	<u>\$ 2,589,881</u>	<u>\$ 196,931</u>	<u>\$ -</u>	<u>\$ 2,786,812</u>
Business Type Activities				
Capital assets, not depreciated				
Land	\$ 6,000	\$ -	\$ -	\$ 6,000
Construction in Progress	7,940,064	80,504	7,900,054	120,514
Total Capital Assets, not Depreciated	<u>7,946,064</u>	<u>80,504</u>	<u>7,900,054</u>	<u>126,514</u>
Capital assets, depreciated				
Buildings and Improvements	\$ 7,601,291	\$ 7,922,698	\$ -	\$ 15,523,989
Machinery and equipment	445,317	135,970	-	581,287
Total Capital Assets, Depreciated	<u>8,046,608</u>	<u>8,058,668</u>	<u>-</u>	<u>16,105,276</u>
Less accumulated depreciation for				
Buildings and Improvements	(4,269,701)	(396,305)	-	(4,666,006)
Machinery and equipment	(335,930)	(44,662)	-	(380,592)
Total Accumulated Depreciation	<u>(4,605,631)</u>	<u>(440,967)</u>	<u>-</u>	<u>(5,046,598)</u>
Total Capital Assets, Depreciated, Net	<u>3,440,977</u>	<u>7,617,701</u>	<u>-</u>	<u>11,058,678</u>
Business-Type Activities Capital Assets, Net	<u>\$ 11,387,041</u>	<u>\$ 7,698,205</u>	<u>\$ 7,900,054</u>	<u>\$ 11,185,192</u>

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

11. LONG-TERM DEBT

The following describes the long-term obligations of the Town of Coeburn for the year ended June 30, 2024:

- A. USDA-Rural Development:** The Town of Coeburn acquired a project loan of \$2,035,000 through financing with Rural Development dated July 18, 2023. Commencing August 18, 2023 and monthly thereafter, the amount of unpaid interest accrued at a rate of 1.625% will be due. Principal and interest will be due in full in 2063. The balance as of June 30, 2024 is **\$2,001,362**.
- B. Virginia Resources Authority:** The Town of Coeburn issued a general obligation and revenue bond for a Downtown Water Improvement Project through financing with Virginia Resources Authority dated December 21, 2012. The amount of \$432,150 is to be repaid over semi-annual payments of \$11,089.02, including interest of 3.00%. The balance as of June 30, 2024 is **\$329,982**.
- C. Virginia Resources Authority:** The Town of Coeburn issued a general obligation and water and sewer revenue bond for a Wastewater Treatment Plant Transition Project through financing with Virginia Resources Authority dated May 16, 2014. The amount of \$1,422,092 is to be repaid over semi-annual payments of \$36,675.45, at a 0% interest rate. The balance as of June 30, 2024 is **\$798,609**.
- D. Virginia Resources Authority:** The Town of Coeburn issued a general obligation and water and sewer revenue bond for a Water System Improvement Project Project through financing with Virginia Resources Authority dated December 1, 2021. The amount of \$561,000 is to be repaid over semi-annual payments of \$13,764, at a 2.65% interest rate. The balance as of June 30, 2024 is **\$554,667**.

The following is a summary of changes in the government-wide long-term obligations of the Town of Coeburn for the year ended June 30, 2024:

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Due Within One Year	Due Within More Than One Year
<u>Governmental Activities</u>						
N/A	-0-	-0-	-0-	-0-	-0-	-0-
Totals	-0-	-0-	-0-	-0-	-0-	-0-
<u>Business-Type Activities</u>						
Water:						
VA Resources Authority	341,989	-	(12,007)	329,982	12,318	317,664
VA Resources Authority	558,759	-	(4,092)	554,667	12,915	541,752
USDA-Rural Development	-	2,035,000	(33,638)	2,001,362	37,113	1,964,249
Powell Valley National	2,035,000	-	(2,035,000)	-	-	-
Totals	2,935,748	2,035,000	(2,084,737)	2,886,011	62,346	2,823,665
Sewer:						
VA Resources Authority	871,960	-	(73,351)	798,609	73,351	725,258
Totals	871,960	-	(73,351)	798,609	73,351	725,258
Grand Totals	\$3,807,708	\$2,035,000	\$(2,158,088)	\$3,684,620	\$135,697	\$ 3,548,923

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

11. LONG-TERM DEBT (continued)

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

Bonds and Notes Payable				
Year Ended				
June 30,	Principal	Interest	Total	
2025	\$ 135,482	\$ 56,936	\$ 192,417	
2026	136,799	55,619	\$ 192,417	
2027	138,146	54,271	\$ 192,417	
2028	139,524	52,893	\$ 192,417	
2029	140,934	51,483	\$ 192,417	
2030-2034	726,986	235,100	\$ 962,087	
2035-2039	465,814	194,618	\$ 660,432	
2040-2044	444,395	156,401	\$ 600,797	
2045-2049	378,514	105,929	\$ 484,443	
2050-2054	386,415	67,896	\$ 454,310	
2055-2059	308,599	38,201	\$ 346,800	
2060-2064	283,012	12,299	\$ 295,310	
TOTALS	<u>\$ 3,684,620</u>	<u>\$ 1,081,645</u>	<u>\$ 4,766,266</u>	

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN

Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Town of Coeburn, Virginia's Retirement Plan and the additions to/deductions from the Town'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.

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

The System administers three different benefit structures for covered employees—Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Same as Plan 1.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

		• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for the eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Town of Coeburn, Virginia employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Same as Plan 1.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Service credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Service credit Same as Plan 1.	Service credit <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.		least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contributions</u> <u>Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required, except as governed by law.
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TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Calculating the Benefit The Basic Benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction factor is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chose is then applied.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit Defined Benefit Component: See definition under Plan 1 Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: Not Applicable Political Subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier Same as Plan1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Not Applicable Political Subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not Applicable Political Subdivision hazardous duty employees: Not Applicable

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Normal Retirement Age VRS: Age 65. Political Subdivision hazardous duty employees: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. Political Subdivision hazardous duty employees: Same as Plan 1.	Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2. Political Subdivision hazardous duty employees: Not applicable <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. Political Subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. Political Subdivision hazardous duty employees: Same as Plan 1	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. Political Subdivision hazardous duty employees: Not Applicable <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. Political Subdivision hazardous duty employees: 50 with at least five years of service credit	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit. Political Subdivision hazardous duty employees: Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of service credit. Political Subdivision hazardous duty employees: Not Applicable

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

		<u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. <u>Eligibility:</u> Same as Plan 1 <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution Component:</u> Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2. <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Purchase of Prior Service Same as Plan 1.	Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits. Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Members also may be eligible to purchase periods of leave without pay.		<u>Defined Contribution Component:</u> Not applicable.
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Employees Covered by Benefit Terms – As of June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	28
Inactive Members:	
Vested Inactive Members	3
Non-vested Inactive Members	8
Active Elsewhere in VRS	<u>12</u>
Total Inactive Members	23
Active Members	<u>23</u>
Total Covered Employees	74

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 the Town by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Town's contractually required contribution rate for the year ended June 30, 2024 was 2.08% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with the 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 \$18,911 and \$18,067 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability – The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For the Town of Coeburn, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022 rolled forward to the measurement date of June 30, 2023.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Actuarial Assumptions – General Employees – The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75% percent, net of pension plan investment expense, including inflation

Mortality rates:

Largest 10 – Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Actuarial Assumptions – Public Safety Employees – The total pension liability for Public Safety Employees in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of pension plan investment expense, including inflation

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Mortality rates:

Largest 10 – Non-LEOS:

Largest 10 – Hazardous Duty: 70% of deaths are assumed to be service related.

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Hazardous Duty

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

All Others (Non 10 Largest) – Hazardous Duty

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

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS	4.00%	4.50%	0.18%
PIP	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	*Expected Arithmetic Nominal Return		8.25%

**The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

Discount Rate – The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balances at June 30, 2022	\$3,451,474	\$3,727,213	\$(275,739)
Changes for the year:			
Service Cost	73,330		73,330
Interest	230,425		230,425
Changes in benefit terms	0		0
Changes of assumptions	0		0
Differences between expected and actual experience	126,384		126,384
Contributions – Employer		8,926	(8,926)
Contributions – Employee		37,650	(37,650)
Net Investment Income		234,350	(234,350)
Benefit payments, including refunds of employee contributions	(222,192)	(222,192)	0
Administrative Expenses		(2,430)	2,430
Other Changes	0	94	(94)
Net Changes	207,947	56,398	151,549
Balances at June 30, 2023	\$3,659,421	\$3,783,611	\$(124,190)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Town of Coeburn using the discount rate of 6.75% as well as what the Town of Coeburn's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Town of Coeburn, Virginia's Net Pension Liability	\$304,882	\$(124,190)	\$(493,913)

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

12. PENSION PLAN (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2023, the Town recognized pension expense of \$27,841. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 70,842	\$ 0
Changes in assumptions	0	0
Net differences between projected and actual earnings on plan investments	0	64,131
Employer contributions subsequent to the measurement date	18,911	0
Total	<u>\$ 89,753</u>	<u>\$ 64,131</u>

\$18,911 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 year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2025	\$ 12,616
2026	(62,152)
2027	54,000
2028	2,247
2029	0
Thereafter	<u>0</u>
Total	\$ 6,711

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan's is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Pension Plan

At June 30, 2024, the Town reported a payable of \$4,224 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

13. GROUP LIFE INSURANCE OPEB PROGRAM

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PROVISIONS	
Eligible Employees	
The Group Life Insurance Program was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.	
Benefit Amounts	
The benefits payable under the Group Life Insurance Program have several components. • <u>Natural Death Benefit</u>—The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u>—The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u>—In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit	

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

○ Felonious assault benefit ○ Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were \$5,015 and \$4,954 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in our financial statements.

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

At June 30, 2024, the participating employer reported a liability of \$46,653 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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,

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00389% as compared to 0.00358% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$1,516. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and Actual experience	\$ 4,660	\$ 1,416
Net difference between projected and Actual earnings on GLI OPEB Program investments	0	1,875
Changes in assumptions	997	3,232
Changes in proportion	3,767	1,410
Employer contributions subsequent to the Measurement date	<u>5,015</u>	<u>0</u>
Total	<u>\$ 14,439</u>	<u>\$ 7,933</u>

\$5,015 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, 2025. 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:

FY 2025	\$ (21)
FY 2026	(1,393)
FY 2027	1,206
FY 2028	591
FY 2029	1,108
Thereafter	-0-

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5 percent
Salary increases, including inflation—	
General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.0 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 Percent, net of investment expenses, Including inflation

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 12.

Net OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	<u>Group Life Insurance OPEB Program</u>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	<u>2,707,739</u>
Employers' Net GLI OPEB Liability (Asset)	<u>\$ 1,199,313</u>
Plan Fiduciary Net Position as a Percentage Of the Total GLI OPEB Liability	69.30%

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 COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

13. GROUP LIFE INSURANCE OPEB PROGRAM (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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS	4.00%	4.50%	0.18%
PIP	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
	Inflation		<u>2.50%</u>
	*Expected Arithmetic Nominal Return		<u>8.25%</u>

**The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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 ending June 30, 2023, 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. Based on those assumptions, the GLI OPEB's fiduciary net position

TOWN OF COEBURN, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

13. GROUP LIFE INSURANCE OPEB PROGRAM (continued)

was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Town of Coeburn's Share of the Group Life Insurance Program Net OPEB Liability	\$ 69,155	\$ 46,653	\$ 28,461

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

As of June 30, 2024, the Town reported a payable of \$1,052 for the outstanding amount of contributions to the group life insurance OPEB plan required for the year ended June 30, 2024.

TOWN OF COEBURN, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

SCHEDULE 1
Page 1

	<u>Original Budget</u>	<u>Final Budget as Amended</u>	<u>GAAP Basis Actual</u>	<u>Variance with Final Budget</u>
PRIMARY GOVERNMENT				
GENERAL FUND:				
Revenue from Local Sources:				
General Property Taxes:				
Real property taxes	\$ 171,600	171,600	\$ 171,296	\$ (304)
Real and personal public service corporation property taxes	-	-	-	-
Personal property taxes	52,500	52,500	97,100	44,600
Penalties and interest	13,000	13,000	14,798	1,798
Total General Property Taxes	<u>237,100</u>	<u>237,100</u>	<u>283,194</u>	<u>46,094</u>
Other Local Taxes:				
Local sales and use taxes	110,000	110,000	103,463	(6,537)
Tobacco taxes	65,000	65,000	56,160	(8,840)
Utility taxes	73,000	73,000	67,484	(5,516)
Business licenses taxes	135,000	135,000	149,879	14,879
Franchise license taxes	7,800	7,800	7,339	(461)
Motor vehicle licenses	17,000	17,000	13,491	(3,509)
Bank stock taxes	30,000	30,000	26,856	(3,144)
Meals and lodging tax	293,350	293,350	325,368	32,018
Coal severance tax	32,000	32,000	13,659	(18,341)
Total Other Local Taxes	<u>763,150</u>	<u>763,150</u>	<u>763,699</u>	<u>549</u>
Permits, Privilege Fees And Regulatory Licenses				
	<u>500</u>	<u>500</u>	<u>350</u>	<u>(150)</u>
Fines and Forfeitures				
	<u>3,300</u>	<u>3,300</u>	<u>1,899</u>	<u>(1,401)</u>
Revenue From Use Of Money and Property:				
Revenue from use of money	31	31	503	472
Revenue from use of property	5,500	5,500	4,835	(665)
Total Revenue From Use of Money and Property	<u>5,531</u>	<u>5,531</u>	<u>5,338</u>	<u>(193)</u>
Charges For Services:				
Fire services	15,000	15,000	15,000	-
Charges for sanitation and waste removal	123,200	123,200	108,976	(14,224)
Other	16,350	16,350	27,300	10,950
Total Charges For Services	<u>154,550</u>	<u>154,550</u>	<u>151,276</u>	<u>(3,274)</u>
Miscellaneous Revenue				
	<u>7,000</u>	<u>7,000</u>	<u>16,162</u>	<u>9,162</u>
Total Revenue From Local Sources	<u>1,171,131</u>	<u>1,171,131</u>	<u>1,221,918</u>	<u>50,787</u>

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

TOWN OF COEBURN, VIRGINIA
GOVERNMENTAL FUND REVENUES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

SCHEDULE 1
Page 2

	<u>Original Budget</u>	<u>Final Budget as Amended</u>	<u>GAAP Basis Actual</u>	<u>Variance with Final Budget</u>
Revenue From The Commonwealth:				
Non-Categorical Aid:				
ABC Profits	-	-	-	-
Mobile home titling taxes	22,000	22,000	13,132	(8,868)
Rolling stock taxes	4,500	4,500	5,008	508
Total Non-Categorical Aid	<u>26,500</u>	<u>26,500</u>	<u>18,140</u>	<u>(8,360)</u>
Other Categorical Aid:				
Law enforcement grant	54,000	54,000	60,786	6,786
Wildland Aid Grant-Fire	-	-	1,185	1,185
Dept of Criminal Justice-TDO Grant	-	-	1,820	1,820
Natural Gas Royalties	3,250	3,250	1,196	(2,054)
Other	375	375	441	66
Total Other Categorical Aid	<u>57,625</u>	<u>57,625</u>	<u>65,428</u>	<u>7,803</u>
Total Revenue From The Commonwealth	<u>84,125</u>	<u>84,125</u>	<u>83,568</u>	<u>(557)</u>
Revenue From The Federal Government:				
Categorical Aid:				
Highway Safety Grant	-	-	-	-
Byrne Justice Grant	-	-	-	-
Assistance to Firefighters Grant	-	-	123,497	123,497
American Rescue Plan Act (ARPA)	340,561	340,561	389,201	48,640
Police Grant (ARPA)	-	-	48,627	48,627
LOLE Grants	-	-	4,689	4,689
Total Non-Categorical Aid	<u>340,561</u>	<u>340,561</u>	<u>566,015</u>	<u>225,454</u>
Total Revenue From The Federal Government	<u>340,561</u>	<u>340,561</u>	<u>566,015</u>	<u>225,454</u>
Loan Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GRAND TOTAL - REVENUES- PRIMARY GOVERNMENT FUNDS	<u><u>\$ 1,595,817</u></u>	<u><u>\$ 1,595,817</u></u>	<u><u>\$ 1,871,500</u></u>	<u><u>\$ 275,683</u></u>

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

TOWN OF COEBURN, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

SCHEDULE 2
Page 1

	<u>Original Budget</u>	<u>Final Budget as Amended</u>	<u>GAAP Basis Actual</u>	<u>Variance with Final Budget</u>
PRIMARY GOVERNMENT				
GENERAL FUND:				
Administration:				
Salaries and wages	\$ 31,616	\$ 31,616	\$ 31,910	\$ (294)
Fringe benefits	17,522	17,522	15,508	2,014
Supplies	7,000	7,000	12,679	(5,679)
Printing & Advertising	2,600	2,600	3,913	(1,313)
Legislative	2,700	2,700	2,700	-
General insurance	23,575	23,575	28,862	(5,287)
Telephone	6,050	6,050	6,326	(276)
Equipment	2,000	2,000	963	1,037
Travel , Training & Meals	300	300	181	119
Dues & association fees	1,500	1,500	3,300	(1,800)
Elections	1,000	1,000	-	1,000
Data Processing	2,500	2,500	2,216	284
Total Administration	<u>98,363</u>	<u>98,363</u>	<u>108,557</u>	<u>(10,194)</u>
Treasurer's Department:				
Salaries	26,749	26,749	26,997	(248)
Fringe benefits	10,714	10,714	11,233	(519)
Supplies	8,500	8,500	11,789	(3,289)
Printing & Advertising	3,000	3,000	19	2,981
Postage	3,500	3,500	4,714	(1,214)
Telephone	565	565	610	(45)
Equipment	2,000	2,000	963	1,037
Travel, Training & Meals	200	200	-	200
Dues & Association Fees	800	800	435	365
Data Processing	3,200	3,200	2,966	234
Total Treasurer's Department	<u>59,228</u>	<u>59,228</u>	<u>59,725</u>	<u>(497)</u>
Professional Services:				
Professional Services Audit	6,000	6,000	7,333	(1,333)
Professional Services Accounting	9,000	9,000	10,133	(1,133)
Professional Services Legal	6,000	6,000	5,500	500
Professional Services A&E	-	-	-	-
Total Professional Services	<u>21,000</u>	<u>21,000</u>	<u>22,967</u>	<u>(1,967)</u>
General and Administrative Expenses	<u>178,591</u>	<u>178,591</u>	<u>191,249</u>	<u>(12,658)</u>

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

TOWN OF COEBURN, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

SCHEDULE 2
Page 2

	<u>Original Budget</u>	<u>Final Budget as Amended</u>	<u>GAAP Basis Actual</u>	<u>Variance with Final Budget</u>
Public Safety:				
Law Enforcement and Traffic Control:				
Salaries and wages	\$ 368,263	\$ 368,263	\$ 320,987	\$ 47,276
Fringes benefits	198,043	198,043	137,163	60,880
Supplies	8,000	8,000	12,444	(4,444)
Legal fees	500	500	-	500
Uniforms	3,200	3,200	3,240	(40)
Telephone	7,845	7,845	7,847	(2)
Fuel	18,000	18,000	17,494	506
Repairs & maintenance	8,000	8,000	9,030	(1,030)
Regional jail fees	500	500	-	500
Equipment	10,000	10,000	44,087	(34,087)
Travel and Training	3,000	3,000	3,050	(50)
Dues and association fees	1,400	1,400	20,900	(19,500)
Data processing	8,000	8,000	2,972	5,028
Projects and Equipment	-	-	1,092	(1,092)
Total Law Enforcement and Traffic Control	<u>634,751</u>	<u>634,751</u>	<u>580,306</u>	<u>54,445</u>
Fire and Rescue Services:				
Salaries and Wages	-	-	-	-
Line of Duty Act	-	-	-	-
Supplies	30,000	30,000	45,169	(15,169)
Insurance	17,000	17,000	-	17,000
Telephone	2,365	2,365	2,188	177
Equipment	6,000	6,000	46,293	(40,293)
State Fire Fund	10,000	10,000	57,121	(47,121)
Total Fire and Rescue Services	<u>65,365</u>	<u>65,365</u>	<u>150,772</u>	<u>(85,407)</u>
Total Public Safety	<u>700,116</u>	<u>700,116</u>	<u>731,078</u>	<u>(30,962)</u>
Public Works:				
Buildings & Grounds:				
Salaries and wages	92,085	92,085	90,883	1,202
Fringe benefits	43,735	43,735	30,142	13,593
Contract services	-	-	-	-
Operating Expenses	41,600	41,600	111,456	(69,856)
Street lights	42,000	42,000	49,227	(7,227)
Shop	20,000	20,000	19,241	759
Community Center	14,000	14,000	15,921	(1,921)
Community Services Building	14,000	14,000	19,805	(5,805)
Town Hall	9,000	9,000	7,412	1,588
Parks & recreation	20,000	20,000	112,069	(92,069)
Repair & Replacement	18,000	18,000	26,785	(8,785)
Telephone	1,915	1,915	1,805	110
Equipment	5,000	5,000	21,538	(16,538)
Other	5,500	5,500	-	5,500
Total Buildings & Grounds	<u>326,835</u>	<u>326,835</u>	<u>506,284</u>	<u>(179,449)</u>

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

TOWN OF COEBURN, VIRGINIA
GOVERNMENTAL FUND EXPENDITURES
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2024

SCHEDULE 2
Page 3

	<u>Original Budget</u>	<u>Final Budget as Amended</u>	<u>GAAP Basis Actual</u>	<u>Variance with Final Budget</u>
Sanitation and Waste Removal:				
Salaries and wages	59,927	59,927	61,292	(1,365)
Fringe benefits	28,381	28,381	39,825	(11,444)
Supplies	23,000	23,000	17,597	5,403
Operations	1,200	1,200	1,520	(320)
Telephone	1,200	1,200	1,220	(20)
Repairs & Maintenance	15,000	15,000	17,727	(2,727)
Sanitation Equipment	-	-	-	-
Total Sanitation and Waste Removal	<u>128,708</u>	<u>128,708</u>	<u>139,180</u>	<u>(10,472)</u>
Total Public Works	<u>455,543</u>	<u>455,543</u>	<u>645,464</u>	<u>(189,921)</u>
Parks, Recreation and Cultural:				
Salaries and wages	31,988	31,988	21,636	10,352
Fringe benefits	7,894	7,894	2,299	5,595
Supplies	6,000	6,000	39,176	(33,176)
Telephone	300	300	1,220	(920)
Miscellaneous	-	-	-	-
Projects and Equipment	1,500	1,500	2,726	(1,226)
Total Parks and Recreation	<u>47,682</u>	<u>47,682</u>	<u>67,057</u>	<u>(19,375)</u>
Community Development:				
Planning & Community Development:				
Lay's Hardware	5,000	5,000	10,000	(5,000)
Community Block Party	1,124	1,124	1,200	(76)
Home for the Holidays	1,500	1,500	505	995
Coeburn EDA	10,000	10,000	-	10,000
Civic activities	7,500	7,500	18,500	(11,000)
Library	5,000	5,000	5,000	-
Airport commission	200	200	-	200
Miscellaneous	150	150	-	150
Total Community Development	<u>30,474</u>	<u>30,474</u>	<u>35,205</u>	<u>(4,731)</u>
Grant Expenses:				
Swim Lessons Program	-	-	870	(870)
Police Dept. ARPA Grant	-	-	55,558	(55,558)
Assistance to Firefighters Grant	-	-	123,497	(123,497)
Wildland Aid Grant-Fire	-	-	1,185	(1,185)
Dept of Criminal Justice-TDO Grant	-	-	1,820	(1,820)
LOLE Grants	-	-	4,689	(4,689)
American Rescue Plan Act (ARPA)	183,411	183,411	-	183,411
Total Grant Expense	<u>183,411</u>	<u>183,411</u>	<u>187,620</u>	<u>(4,209)</u>
Transfer To (From) Other Funds	<u>-</u>	<u>-</u>	<u>36,542</u>	<u>(36,542)</u>
GRAND TOTAL - EXPENDITURES- PRIMARY GOVERNMENT FUNDS	<u>\$ 1,595,817</u>	<u>\$ 1,595,817</u>	<u>\$ 1,894,216</u>	<u>\$ (298,398)</u>

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

TOWN OF COEBURN, VIRGINIA
VIRGINIA RETIREMENT SYSTEM
RETIREMENT PLAN
JUNE 30, 2024

SCHEDULE 3

Schedule of Changes in the Town of Coeburn, Virginia's
Net Pension Liability and Related Ratios
For the Plan Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability									
Service cost	\$ 73,330	\$ 61,625	\$ 59,996	\$ 62,958	\$ 54,723	\$ 62,356	\$ 66,648	\$ 67,774	\$ 62,369
Interest	230,425	224,168	193,859	210,807	197,400	192,203	200,776	190,058	202,741
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	126,384	7,151	216,764	(333,786)	157,615	7,211	(232,479)	71,007	(261,479)
Changes in assumptions	-	-	116,735	-	83,339	-	16,076	-	-
Benefit Payments, including refunds of employee contributions	(222,192)	(201,693)	(198,226)	(183,904)	(196,104)	(178,952)	(168,049)	(183,396)	(186,241)
Net change in total pension liability	207,947	91,251	389,128	(243,925)	296,973	82,818	(117,028)	145,443	(182,610)
Total pension liability-beginning	3,451,474	3,360,223	2,971,095	3,215,020	2,918,047	2,835,229	2,952,257	2,806,814	2,989,424
Total pension liability-ending (a)	\$ 3,659,421	\$ 3,451,474	\$ 3,360,223	\$ 2,971,095	\$ 3,215,020	\$ 2,918,047	\$ 2,835,229	\$ 2,952,257	\$ 2,806,814
Plan fiduciary net position									
Contributions-employer	\$ 8,926	\$ -	\$ 2	\$ 3,298	\$ 3,436	\$ 21,897	\$ 24,954	\$ 106,017	\$ 111,484
Contributions-employee	37,650	33,826	33,046	34,546	32,616	31,823	34,546	34,745	64,785
Net investment income	234,350	(1,339)	859,268	62,222	210,369	229,640	348,176	49,770	128,223
Benefit Payments, including refunds of employee contributions	(222,192)	(201,693)	(198,226)	(183,904)	(196,104)	(178,952)	(168,049)	(183,396)	(186,241)
Administrative expense	(2,430)	(2,467)	(2,241)	(2,202)	(2,207)	(2,047)	(2,075)	(1,797)	(1,739)
Other	94	88	80	(72)	(131)	(201)	(307)	(21)	(28)
Net change in plan fiduciary net position	56,398	(171,585)	691,929	(86,112)	47,979	102,160	237,245	5,318	116,484
Plan fiduciary net position-beginning	3,727,213	3,898,798	3,206,869	3,292,981	3,245,002	3,142,842	2,905,597	2,900,279	2,783,795
Plan fiduciary net position-ending (b)	\$ 3,783,611	\$ 3,727,213	\$ 3,898,798	\$ 3,206,869	\$ 3,292,981	\$ 3,245,002	\$ 3,142,842	\$ 2,905,597	\$ 2,900,279
Town of Coeburn, Virginia's									
Net pension liability-ending (a) - (b)	\$ (124,190)	\$ (275,739)	\$ (538,575)	\$ (235,774)	\$ (77,961)	\$ (326,955)	\$ (307,613)	\$ 46,660	\$ (93,465)
Plan fiduciary net position as a percentage of the total									
Pension liability	103.4%	108.0%	116.0%	107.9%	102.4%	111.2%	110.8%	98.4%	103.3%
Covered payroll	\$ 868,587	\$ 772,243	\$ 750,519	\$ 752,573	\$ 699,537	\$ 649,915	\$ 720,016	\$ 745,310	\$ 779,769
Town of Coeburn, Virginia's net pension liability									
As a percentage of covered payroll	-14.3%	-35.7%	-71.8%	-31.3%	-11.1%	-50.3%	-42.7%	6.3%	-12.0%

TOWN OF COEBURN
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
RETIREMENT PLAN
JUNE 30, 2024

Schedule of Employer Contributions
For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2024	18,911	18,911	0	909,181	2.08%
2023	18,067	18,067	0	868,587	2.08%
2022	0	0	0	772,243	0.00%
2021	0	0	0	750,519	0.00%
2020	9,332	9,332	0	752,573	1.24%
2019	8,674	8,674	0	699,537	.012%
2018	21,897	21,897	0	649,915	.034%
2017	21,897	21,897	0	720,016	.030%
2016	106,017	106,017	0	745,310	14.22%
2015	111,484	111,484	0	779,769	14.30%

TOWN OF COEBURN, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
VRS RETIREMENT PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 – Non-Hazardous Duty

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF COEBURN, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
VRS RETIREMENT PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Largest 10 – Hazardous Duty

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

All Others (Non 10 Largest) – Hazardous Duty

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

TOWN OF COEBURN, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
GROUP LIFE INSURANCE PROGRAM
JUNE 30, 2024

Schedule of Town of Coeburn, VA's Share of
Net OPEB Liability
Group Life Insurance Plan (GLI)
For the Measurement Dates of June 30, 2017 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.00389%	0.00358%	0.00366%	0.00369%	0.00369%	0.39400%	0.00357%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 46,653	\$ 43,107	\$ 42,612	\$ 61,580	\$ 60,046	\$ 54,000	\$ 59,000
Employer's Covered Payroll	\$868,587	\$772,243	\$750,519	\$752,573	\$699,537	\$649,915	\$720,016
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.37%	5.58%	5.68%	8.18%	8.58%	8.31%	8.19%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2023 is the seventh year for this presentation, only seven years of data is available. However, additional years will be included as they become available.

TOWN OF COEBURN, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
GROUP LIFE INSURANCE PROGRAM
JUNE 30, 2024

Schedule of Employer Contributions
For the Years Ended June 30, 2014 through 2024

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
2024	5,015	5,015	0	928,684	.54%
2023	4,954	4,954	0	868,587	.54%
2022	4,204	4,204	0	772,243	.54%
2021	4,085	4,085	0	750,519	.54%
2020	3,951	3,951	0	752,573	.52%
2019	3,764	3,764	0	699,537	.54%
2018	3,531	3,531	0	649,915	.54%

Schedule is intended to show information for 10 years. Since 2024 is the seventh year for this presentation, only seven years of data is available. However, additional years will be included as they become available.

TOWN OF COEBURN, VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
VIRGINIA RETIREMENT SYSTEM
GROUP LIFE INSURANCE PROGRAM
JUNE 30, 2024

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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

TOWN OF COEBURN, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
GROUP LIFE INSURANCE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SPORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

VaLORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

JRS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

TOWN OF COEBURN, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
GROUP LIFE INSURANCE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Largest Ten Locality Employers-General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers-General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

TOWN OF COEBURN, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
GROUP LIFE INSURANCE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Largest Ten Locality Employers—Hazardous Duty Employees

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

Non-Largest Ten Locality Employers—Hazardous Duty Employees

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

TOWN OF COEBURN, VIRGINIA
Pledged Revenue Coverage
Last Ten Fiscal Years*

SCHEDULE 5

Water and Sewer Revenue Bonds

Fiscal Year	Gross revenues	Less operating expenses**	Net revenues available for debt service	Debt Service		Coverage
				Principal	Interest	
2024	1,856,910	(1,595,985)	\$ 260,925	123,088	50,050	151%
2023	2,167,738	(1,595,985)	\$ 571,753	79,440	14,722	607%
2022	4,903,154	(1,383,148)	\$ 3,520,006	328,822	14,591	1025%
2021	1,540,303	(1,332,184)	\$ 208,119	91,845	18,024	189%
2020	1,749,231	(1,381,692)	\$ 367,539	84,185	17,491	361%
2019	2,035,876	(1,258,771)	\$ 777,105	83,856	10,671	822%
2018	1,246,082	(1,493,441)	\$ (247,359)	122,119	11,897	-185%

**Schedule is intended to show information for 10 years. Since 2024 is the seventh year for this presentation, only seven years of data is available. However, additional years will be included as they become available.*

***Net of depreciation*

TOWN OF COEBURN, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

SCHEDULE 6

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF TREASURY</u>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	* 663,865
Total U.S. Department of Treasury			<u>663,865</u>
<u>U.S. DEPARTMENT OF AGRICULTURE *</u>			
Rural Development			
Community Facility Grant	10.766	N/A	71,477
Community Facility Loan	10.766	N/A	2,035,000
Total U.S. Department of Agriculture			<u>2,106,477</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Byrne Justice Assistance Grant	16.738	N/A	4,689
Total Department of Justice			<u>4,689</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Assistance to Firefighters Grant	97.044	N/A	123,497
			<u>123,497</u>
Total Federal Expenditures			<u>\$ 2,898,528</u>

*Major Program

See accompanying notes to schedule of expenditures of federal awards.

See accompanying independent auditors' report.

TOWN OF COEBURN, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule of SEFA) includes all federal grant activity of the Town of Coeburn, Virginia. The Town of Coeburn, Virginia's reporting entity is defined in Note 1 of the basic financial statements. All federal financial assistance that passed through other government agencies or not-for-profit organizations are included on the Schedule.

2. BASIS OF ACCOUNTING

The Schedule is presented in the accrual basis of accounting for the proprietary funds, as described in Note 1 to the Town's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. For the year ended June 30, 2024, the Town of Coeburn, Virginia did not participate in any federal programs in which non-cash benefits were provided through the State to eligible participants.

3. RELATIONSHIP TO THE FINANCIAL STATEMENTS

Federal expenditures are reported in the reporting entity financial statements as follows:

Revenue from the Federal government – financial statements	\$ 863,528
Add (subtract) Federal Awards revenue recognized:	
In prior fiscal years, spent this fiscal year	-0-
In current fiscal years, but not spent	-0-
Expenditures of Federal awards	<u>\$ 863,528</u>

4. SUB-RECIPIENT PAYMENTS

The Town did not expend any funds to a subrecipient during the fiscal year ended June 30, 2024.

5. INDIRECT COST RATE

The Town has not elected to use the 10% de minimus indirect cost rate discussed in UG Section 200.414.

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CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Coeburn, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Coeburn, Virginia's basic financial statements, and have issued our report thereon dated May 1, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Lucker, Brandenburg & Company, PLLC

Lebanon, Virginia
May 1, 2025

Tucker, Brandenburg & Company, PLLC

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Coeburn, Virginia's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town of Coeburn, Virginia's major federal programs for the year ended June 30, 2024. The Town of Coeburn, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Coeburn, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Coeburn, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Coeburn, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Coeburn, Virginia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Coeburn, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than

for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Coeburn, Virginia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Coeburn, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Coeburn, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Coeburn, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lucker, Brandenburg & Company, PLLC

Lebanon, Virginia
May 1, 2025

**Town of Coeburn, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	No

Federal Awards

Internal control over major programs:	
Were there any material weaknesses in internal control reported for major federal programs?	No
Were there any significant deficiencies in internal control reported for major federal programs?	No
Type of auditor's opinion issued on compliance for major programs:	Unmodified
Are there any reportable findings under 2 CFR § 200.516(a)	No

Major programs identified:

	<u>Assistance Listing Number</u>	
Cornavirus State and Local Fiscal Recovery Funds	21.027	
Dollar threshold used to distinguish between Type A and Type B Programs:	\$	750,000
Auditee qualified as low risk?		Yes

Section II - Financial Statement Findings:

None Reported

Section III - Federal Awards Findings and Questioned Costs

None Reported

Prior Year Findings

None Reported