

TOWN OF GORDONSVILLE, VIRGINIA FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

Annual Financial Report For the Year Ended June 30, 2023

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Town Council

Robert K. Coiner, Mayor

Emily Winkey, Vice-Mayor

Theresa Lewis

Ronald E. Brooks, III

Elizabeth Samra

Officials

Deborah S. Kendall, Town Manager
Richard K. Wilkinson, Town Attorney
Dawn Rigsby, Town Treasurer
Janet Jones, Town Clerk



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

TO THE HONORABLE MAYOR AND MEMBERS OF THE TOWN COUNCIL TOWN OF GORDONSVILLE, 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 Town of Gordonsville, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Gordonsville, 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 financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Town of Gordonsville, Virginia, as of June 30, 2023, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Gordonsville, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

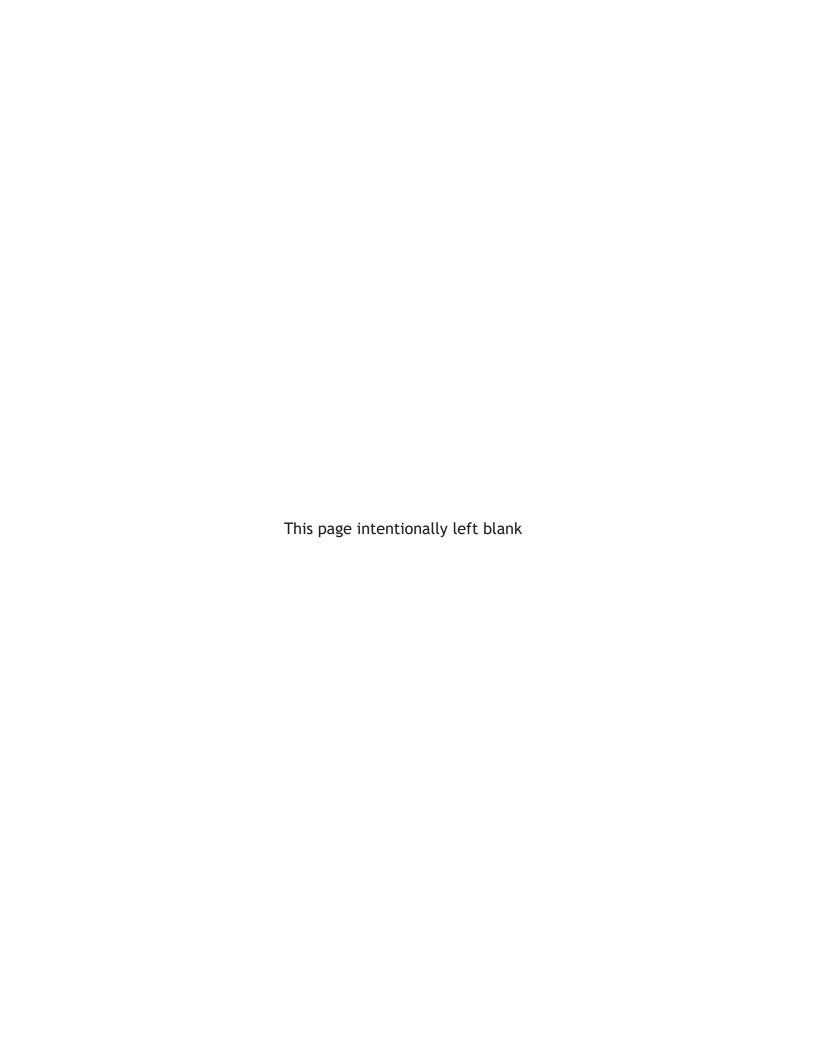
Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2024, on our consideration of Town of Gordonsville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Gordonsville, 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 Gordonsville, Virginia's internal control over financial reporting and compliance.

Robusen Faven Cox Associates
Charlottesville, Virginia
September 12, 2024







Statement of Net Position June 30, 2023

			imary Government	
		Governmental Activities	Business-type Activities	Total
ASSETS				
Cash and cash equivalents	\$	3,372,723 \$	2,372,802 \$	5,745,525
Receivables, net of allowance for uncollectibles:		05.004		05.004
Taxes receivable		95,094	250.442	95,094
Accounts receivable		83,916	258,142	342,058
Interest receivable		60,060	-	60,060
Leases receivable		4,869,303	-	4,869,303
Due from other governmental units		124,866	21,749	146,615
Prepaid items		10,959	4,629	15,588
Restricted assets:				
Cash held for customer deposits		8,231	37,802	46,033
Cash held for pool renovations		127,110	-	127,110
Net pension asset		180,924	63,349	244,273
Capital assets, net of accumulated depreciation:		75 4 7 4 4	204 524	044.070
Land		754,744	206,526	961,270
Construction in progress		280,860	2,543,934	2,824,794
Land improvements		22,947	-	22,947
Buildings and improvements		831,568	644,175	1,475,743
Infrastructure		2,588,142	1,058,826	3,646,968
Machinery, equipment and vehicles	ċ.	229,856	171,540	401,396
Total assets	Þ,	13,641,303	7,383,474 \$	21,024,777
DEFERRED OUTLFOWS OF RESOURCES				
Pension related items	\$	91,389 \$	23,906 \$	115,295
OPEB related items		8,393	2,924	11,317
Total deferred outflows of resources	\$	99,782		126,612
LIABILITIES	•	·		·
Accounts payable	\$	73,131 \$	93,784 \$	166,915
Contracts payable	Ļ	10,410	87,987	98,397
Accrued liabilities		41,283	14,154	55,437
Customers' deposits payable from restricted assets		8,231	37,802	46,033
Accrued interest payable		14,633	2,972	17,605
Unearned revenue		1,097,599	_,···_	1,097,599
Long-term liabilities:		.,,		.,,
Due within one year		95,205	17,036	112,241
Due in more than one year		972,339	194,450	1,166,789
Total liabilities	\$	2,312,831 \$		2,761,016
DEFENDED INTLOWS OF DESCRIPCES	,			
DEFERRED INFLOWS OF RESOURCES		- 0 202 A		70.202
Deferred revenue - property taxes	\$	78,383 \$	- \$	78,383
Park pledges		15,450	-	15,450
Prepaid rent		1,823	-	1,823
Pension related items		159,840	50,469	210,309
OPEB related items		7,969	2,659	10,628
Leases	٠,	4,676,443	- F2 420 ¢	4,676,443
Total deferred inflows of resources	\$	4,939,908	53,128 \$	4,993,036
NET POSITION				
Net investment in capital assets	\$	3,734,762 \$	4,341,459 \$	8,076,221
Restricted:				
Pool improvements and playground equipment		1,388,394	-	1,388,394
Pension benefits		180,924	63,349	244,273
Unrestricted (deficit)		1,184,266	2,504,183	3,688,449
Total net position	\$	6,488,346 \$	6,908,991 \$	13,397,337

Statement of Activities For the Year Ended June 30, 2023

					I	Program Reveni	ıes	;
			•	Charges for		Operating Grants and		Capital Grants and
Functions/Programs		Expenses		Services	_	Contributions		Contributions
PRIMARY GOVERNMENT:								
Governmental activities:								
General government administration	\$	516,727	\$	599,031	\$	182,901	\$	-
Public safety		606,788		136,139		243,465		-
Public works		563,756		87,577		236,111		-
Health and welfare		4,545		-		-		-
Parks, recreation, and cultural		94,514		12,531		16,783		1,545,527
Community development		1,700		-		-		-
Interest on long-term debt		35,369		-		-		-
Total governmental activities	\$_	1,823,399	\$	835,278	\$	679,260	\$	1,545,527
Business-type activities:								
Water and Sewer Fund	\$	1,452,436	\$	1,545,103	\$	-	\$	17,606
Airport Fund		42,511		40,725		17,588		1,744,952
Total business-type activities	\$ [—]	1,494,947	\$	1,585,828	\$	17,588	\$	1,762,558
Total primary government	\$_	3,318,346	\$	2,421,106	\$	696,848	\$	3,308,085

General revenues:

General property taxes

Local sales and use taxes

Cigarette taxes

Consumers' utility taxes

Business license taxes

Restaurant food taxes

Other local taxes

Unrestricted revenues from use of money

Miscellaneous

Grants and contributions not restricted to specific programs

Gain on disposal of capital assets

Transfers

Total general revenues and transfers

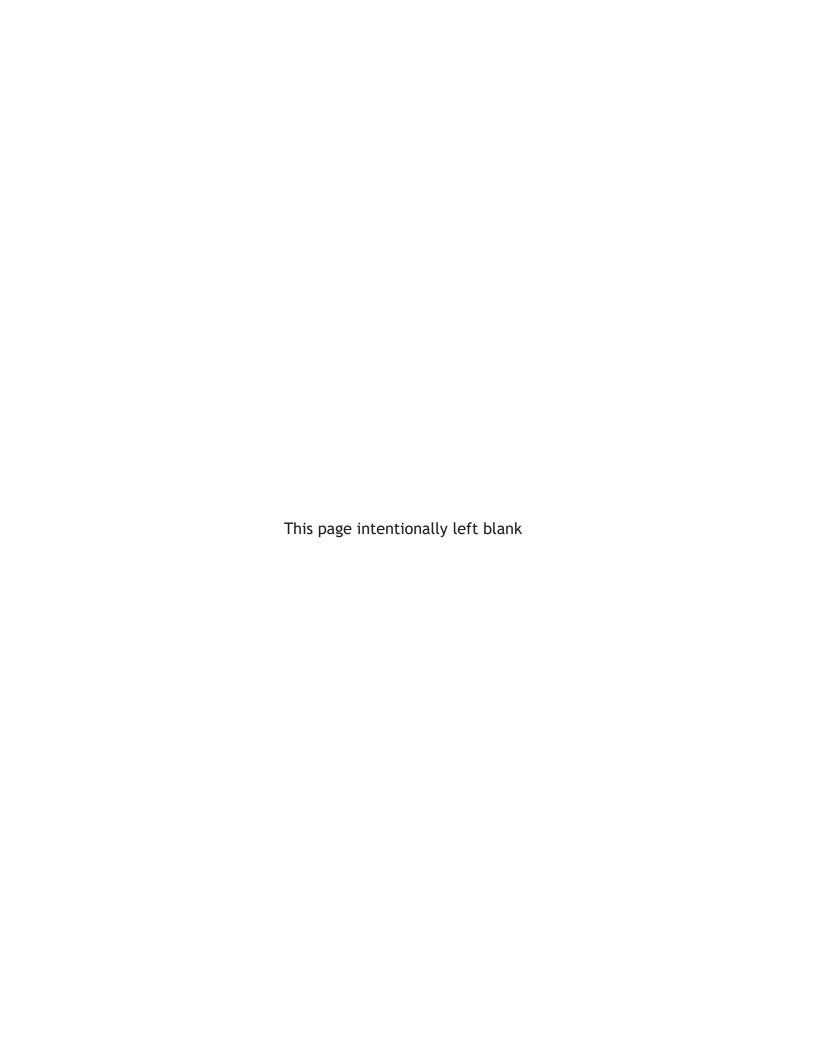
Change in net position

Net position - beginning

Net position - ending

Net (Expense) Revenue and
Changes in Net Position

	Primary Government							
•	Governmental	Business-type						
	Activities	Activities		Total				
•			-					
\$	265,205		\$	265,205				
	(227, 184)			(227, 184)				
	(240,068)			(240,068)				
	(4,545)			(4,545)				
	1,480,327			1,480,327				
	(1,700)			(1,700)				
٠.	(35,369)			(35,369)				
\$	1,236,666		\$	1,236,666				
	\$	110,273	\$	110,273				
		1,760,754		1,760,754				
	\$	1,871,027	\$	1,871,027				
\$	1,236,666 \$	1,871,027	\$	3,107,693				
•			-					
\$	262,998 \$	-	\$	262,998				
	149,601	-		149,601				
	45,000	-		45,000				
	35,307	-		35,307				
	126,387	-		126,387				
	593,057	-		593,057				
	108,767	-		108,767				
	102,266	91,936		194,202				
	94,544	-		94,544				
	57,960	-		57,960				
	4,192	-		4,192				
	(453,826)	453,826						
\$	1,126,253	545,762	\$	1,672,015				
ċ	2 2/2 0/0	2 444 700	ċ	4 770 700				
\$	2,362,919 \$, ,	\$	4,779,708				
ċ	4,125,427	4,492,202	<u>.</u>	8,617,629				
\$	6,488,346	6,908,991	\$	13,397,337				





Balance Sheet Governmental Funds June 30, 2023

		General		Pool	
		Fund		Fund	Total
ACCETC					
ASSETS	ċ	2 272 722	ċ	ċ	2 272 722
Cash and cash equivalents Receivables, net of allowance for uncollectibles:	\$	3,372,723	>	- \$	3,372,723
Taxes receivable		95,094			95,094
Accounts receivable		83,916		-	83,916
Interest receivable		60,060		_	60,060
Leases receivable		4,869,303		-	4,869,303
Due from other governmental units		124,866		-	124,866
Prepaid items		10,959		-	10,959
Restricted assets:		10,707			, , , , ,
Cash held for customer deposits		8,231		-	8,231
Cash held for pool renovations		57,626		69,484	127,110
Total assets	\$ -	8,682,778	· s —	69,484 \$	8,752,262
	· =	, ,	: =		
LIABILITIES					
Accounts payable	\$	65,122	\$	8,008 \$	73,130
Contracts payable		10,410		-	10,410
Accrued liabilities		38,878		2,405	41,283
Customers' deposits		8,231		-	8,231
Unearned revenue		1,097,599		- .	1,097,599
Total liabilities	\$_	1,220,240	. \$ _	10,413 \$	1,230,653
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$	99,767	Ś	- \$	99,767
Unavailable revenue - park pledges	7	15,450	7	-	15,450
Prepaid rent		1,823		-	1,823
Leases		4,676,443		-	4,676,443
Total deferred inflows of resources	\$ ⁻	4,793,483	·	- \$	4,793,483
FUND DALANCES	_				
FUND BALANCES					
Nonspendable: Prepaids	\$	10,959	\$	- \$	10,959
Restricted:	Ş	10,939	Ş	- 3	10,939
Pool capital donations		1,313,910		69,484	1,383,394
Verling Park playground equipment		5,000		07,404	5,000
Committed:		3,000			3,000
VDOT safe routes		21,197		_	21,197
Parking lot		12,000			12,000
Public works facility		2,996		_	2,996
Directional Signage		21,314		_	21,314
Verling Park and Dix Memorial Pool Improvements		48,275		_	48,275
Unassigned (deficit)		1,233,404		(10,413)	1,222,991
Total fund balances	s -	2,669,055	· _s –	59,071 \$	2,728,126
Total liabilities, deferred inflows of resources,	Ť –	2,007,000	- ˇ —		2,720,120
and fund balances	\$ <u>_</u>	8,682,778	Ş	69,484 \$	8,752,262

Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position June 30, 2023

Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	2,728,126
Capital assets used in governmental activities are not financial resources			
and, therefore, are not reported in the funds. The amounts reported below			
are net of accumulated depreciation.			
Land	\$	754,744	
Construction in Progress		280,860	
Land improvements		22,947	
Buildings and improvements		831,568	
Infrastructure		2,588,142	
Machinery, equipment and vehicles	_	229,856	4,708,117
Other long-term assets are not available to pay for current-period expenditures			
and, therefore, are not reported as unavailable revenue in the funds.			
Unavailable revenue related to property taxes	\$	21,383	
Net pension asset	*	180,924	202,307
'	-	<u> </u>	,
Deferred outflows of resources are not available to pay for current-period expenditures and,			
therefore, are not reported in the funds.			
Pension related items	\$	91,389	
OPEB related items		8,393	99,782
	_		
Long-term liabilities, including bonds payable, are not due and payable in the			
current period and, therefore, are not reported in the funds.	÷	(0(2,045)	
Bonds	\$	(962,945)	
Settlement agreement		(28,500)	
Compensated absences		(44,139)	
Net OPEB liability		(31,960)	
Accrued interest payable	_	(14,633)	(1,082,177)
Deferred inflows of resources are not due and payable in the current period and,			
therefore, are not reported in the funds.			
Pension related items	\$	(159,840)	
OPEB related items	_	(7,969)	(167,809)
Net position of governmental activities		\$	6,488,346
		:	

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the Year Ended June 30, 2023

	_	General Fund	. <u>-</u>	Pool Fund	_	Total
REVENUES	ċ	2/2 5/5	÷		<u>_</u>	2/2 5/5
General property taxes	\$	263,565	\$	-	\$	263,565
Other local taxes		1,058,119		-		1,058,119
Permits, privilege fees, and regulatory licenses Fines and forfeitures		328 136,119		-		328 136,119
Revenue from the use of money and property		789,204		-		789,204
Charges for services		709,204		10,206		10,206
Miscellaneous		1,367,850		10,200		1,367,850
Recovered costs						
Intergovernmental:		15,280		-		15,280
Commonwealth		125,037		-		125,037
Federal	_	670,813	_	-		670,813
Total revenues	\$_	4,426,315	\$_	10,206	\$_	4,436,521
EXPENDITURES Current:	¢	280 005	ċ		ć	280 005
General government administration	\$	380,995	>	-	\$	380,995
Public safety Public works		647,876		-		647,876
Health and welfare		529,058 4,545		-		529,058 4,545
Parks, recreation, and cultural		47,511		43,275		90,786
Community development		1,700		75,275		1,700
Capital projects		419,403		_		419,403
Debt service:		117, 103				117, 103
Principal retirement		152,052		-		152,052
Interest and other fiscal charges		37,997		-		37,997
Total expenditures	\$ [_]	2,221,137	\$ ⁻	43,275	\$ _	2,264,412
Excess (deficiency) of revenues over						
(under) expenditures	\$_	2,205,178	\$_	(33,069)	\$_	2,172,109
OTHER FINANCING SOURCES (USES)						
Transfers in	\$	-	\$	26,260	\$	26,260
Transfers out		(480,086)		-		(480,086)
Sale of capital assets		4,720	<u>-</u>	-		4,720
Total other financing sources (uses)	\$ <u>_</u>	(475,366)	. \$ _	26,260	. \$ _	(449,106)
Net change in fund balances	\$	1,729,812	\$	(6,809)	\$	1,723,003
Fund balances - beginning		939,243		65,880		1,005,123
Fund balances - ending	\$	2,669,055	\$	59,071	\$	2,728,126

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2023

To the Statement of Activities			
For the Year Ended June 30, 2023			
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balances - total governmental funds		\$	1,723,003
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation or vice versa in the current period. Capital asset additions Depreciation	\$	372,956 (193,550)	179,406
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position for gains and decrease net position for losses.			
Sale of capital assets	\$	(528)	
Donated land for Verling Park	_	200,000	199,472
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The change in unavailable property taxes is reported as revenues in the governmental funds.		(567)	(567)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Settlement agreement annual payment	\$	9,500	
Payment of principal Amortization of premium on issuance		142,551 715	152,766
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. Compensated absences Change in pension related items Change in OPEB related items	\$	502 102,853 3,572	132,700
Accrued interest payable		1,912	108,839
Change in net position of governmental activities		\$	2,362,919
			·

Statement of Net Position Proprietary Funds June 30, 2023

		Eı	nterprise Funds	
		Water and	Airport	
		Sewer Fund	Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$	2,372,802 \$	- \$	2,372,802
Accounts receivable, net of allowance for uncollectibles		258,142	-	258,142
Due from other governmental units Prepaid expenses		4,629	21,749	21,749 4,629
Total current assets	Ś	2,635,573 \$	21,749 \$	2,657,322
Noncurrent assets:	Ų	2,033,373	21,747	2,037,322
Restricted assets:				
Cash held for customer deposits	\$	37,802 \$	- \$	37,802
Total restricted assets	\$	37,802 \$	- \$	37,802
Other assets:				
Net pension asset	\$	63,349 \$	- \$	63,349
Capital assets:		,	·	,
Land	\$	204,978 \$	1,548 \$	206,526
Construction in progress		176,328	2,367,606	2,543,934
Buildings and improvements, net of accumulated depreciation		644,175	-	644,175
Infrastructure, net of accumulated depreciation		961,628	97,198	1,058,826
Machinery, equipment, and vehicles net of accumulated depreciation	ċ	171,540	2,466,352 \$	171,540
Total capital assets Total noncurrent assets	\$ \$	2,158,649 \$ 2,259,800 \$	2,466,352 \$	4,625,001 4,726,152
Total assets	ς	4,895,373 \$	2,488,101 \$	7,383,474
	~		2, 100, 101	7,303, 17 1
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$	23,906 \$	- \$	23,906
OPEB related items Total deferred outflows of resources	\$	2,924 26,830 \$		2,924 26,830
Total deferred outflows of resources	þ	20,830 \$		20,630
LIABILITIES				
Current liabilities:				
Accounts payable	\$	88,691 \$	5,093 \$	93,784
Contracts and retainage payable		14 154	87,987	87,987
Accrued liabilities Customers' deposits payable from restricted assets		14,154 37,802	-	14,154 37,802
Accrued interest payable		2,972	-	2,972
Compensated absences - current portion		527	_	527
Bonds and notes payable - current portion		16,509	-	16,509
Total current liabilities	\$	160,655 \$	93,080 \$	253,735
Noncurrent liabilities:				
Compensated absences - net of current portion	\$	4,739 \$	- \$	4,739
Bonds and notes payable - net of current portion	7	179,046	-	179,046
Net OPEB liability		10,665	-	10,665
Total noncurrent liabilities	\$	194,450 \$	<u> </u>	194,450
Total liabilities	\$	355,105 \$	93,080 \$	448,185
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$	50,469 \$	- \$	50,469
OPEB related items	Ÿ	2,659	-	2,659
Total deferred inflows of resources	\$	53,128 \$	- s	53,128
		,,	* -	, -
NET POSITION Not investment in capital assets	Ċ	1 063 004 ¢	2 278 245 ¢	A 3A1 AEO
Net investment in capital assets Restricted for pension benefits	\$	1,963,094 \$ 63,349	2,378,365 \$	4,341,459 63,349
Unrestricted		2,487,527	- 16,656	2,504,183
Total net position	Ś	4,513,970 \$	2,395,021 \$	6,908,991
rock fiee position	ب	1,313,770		0,700,771

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

	_	Enterprise Funds				
	_	Water and Sewer Fund	<u> </u>	Airport Fund	. <u>-</u>	Total
OPERATING REVENUES						
Charges for services:						
Water revenues	\$	1,033,746	\$	-	\$	1,033,746
Sewer revenues		497,619		-		497,619
Delinquent fees		8,793		-		8,793
Cut on and cut off fees		4,800		-		4,800
Hangar rentals		-		40,725		40,725
Miscellaneous	_	145		-		145
Total operating revenues	\$_	1,545,103	\$	40,725	\$_	1,585,828
OPERATING EXPENSES						
Water and water tests	\$	522,426	\$	-	\$	522,426
Sewer		321,344		-		321,344
Salaries, wages, and benefits		257,803		-		257,803
Repairs and maintenance		90,286		23,016		113,302
Materials and supplies		28,102		-		28,102
Professional services		15,874		9,681		25,555
Telephone and utilities		10,988		4,209		15,197
Vehicle expenses		33,239		-		33,239
Other operating expenses		27,890		1,355		29,245
Depreciation		137,293	—	4,250	—	141,543
Total operating expenses	\$_	1,445,245	. \$_	42,511	\$_	1,487,756
Operating income (loss)	\$_	99,858	\$_	(1,786)	\$_	98,072
NONOPERATING REVENUES (EXPENSES)						
Intergovernmental revenue	\$	-	\$	17,588	\$	17,588
Use of property		91,936		-		91,936
Interest expense		(7,191)		-		(7,191)
Total nonoperating revenues (expenses)	\$	84,745	\$	17,588	\$_	102,333
Income before capital contributions and transfers	\$	184,603	\$	15,802	\$	200,405
Capital contributions		17,606		1,744,952		1,762,558
Transfers in		257,673		196,153		453,826
Change in net position	\$	459,882	\$	1,956,907	\$	2,416,789
Total net position - beginning		4,054,088		438,114		4,492,202
Total net position - ending	\$	4,513,970	\$	2,395,021	\$	6,908,991

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2023

	_	Enterprise Funds			
	_	Water and Sewer Fund	Airport Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES Receipts from customers and users Payments to suppliers Payments to employees Net cash provided by (used for) operating activities	\$ \$	1,482,741 \$ (1,034,589) (306,298) 141,854 \$	39,677 \$ (38,177) - 1,500 \$	1,522,418 (1,072,766) (306,298) 143,354	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Transfers from other funds Use of property Intergovermental revenue Net cash provided by (used for) noncapital financing activities	\$ \$_	257,673 \$ 91,936 - 349,609 \$	196,153 \$ - 17,588 213,741 \$	453,826 91,936 17,588 563,350	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES Additions to CIP and machinery and equipment Principal payments on bonds Contributions in aid of construction Interest payments	\$	(245,558) \$ (64,217) 17,606 (8,661)	(2,030,110) \$ - 1,729,636 -	(2,275,668) (64,217) 1,747,242 (8,661)	
Net cash provided by (used for) capital and related financing activities	\$_	(300,830) \$	(300,474) \$	(601,304)	
Net increase (decrease) in cash and cash equivalents	\$	190,633 \$	(85,233) \$	105,400	
Cash and cash equivalents - beginning (including restricted) Cash and cash equivalents - ending (including restricted)	\$	2,219,971 2,410,604 \$	85,233 - \$	2,305,204 2,410,604	
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	\$_	99,858 \$	(1,786) \$	98,072	
Depreciation expense (Increase) decrease in: Accounts receivable	\$	137,293 \$ (62,360)	4,250 \$	141,543 (62,360)	
Prepaid expenses Net pension asset Pension related deferred outflows OPEB related deferred outflows Increase (decrease) in:		(1,929) (25,171) 17,759 (39)	- - - -	(1,929) (25,171) 17,759 (39)	
Customer deposits Accounts payable Accrued liabilities Compensated absences Net OPEB liability Pension related deferred inflows		(2) 17,489 (12,481) 626 860 (28,082)	- 84 - - -	(2) 17,573 (12,481) 626 860 (28,082)	
OPEB related deferred inflows Total adjustments	s ⁻	(1,967) 41,996 \$	3,286 \$	(1,967) 45,282	
Net cash provided by (used for) operating activities	\$	141,854 \$	1,500 \$	143,354	

Statement of Fiduciary Net Position Fiduciary Fund June 30, 2023

	_	Private-Purpose Trust Fund Maplewood Cemetery
ASSETS		
Cash and cash equivalents	\$	466,978
Other receivables		3,755
Total assets	\$	470,733
NET POSITION Restricted: Held in trust for Maplewood Cemetery	\$	470,733

Statement of Change in Fiduciary Net Position Fiduciary Fund For the Year Ended June 30, 2023

Investment earnings: Interest \$ 11,967 Total investment earnings \$ 11,967 Total additions \$ 52,842 DEDUCTIONS Professional and contractual services \$ 19,628 Other \$ 8,268			Private-Purpose Trust Fund Maplewood Cemetery		
Sale of cemetery lots Burial permits Fees Fees Total contributions Investment earnings: Interest Total investment earnings Total additions Substitute of the permits of t		•			
Burial permits 5,400 Fees 675 Total contributions \$ 40,875 Investment earnings: Interest \$ 11,967 Total investment earnings \$ 11,967 Total additions \$ 52,842 DEDUCTIONS Professional and contractual services \$ 19,628 Other \$ 8,268					
Fees 675 Total contributions \$ 40,875 Investment earnings: Interest \$ 11,967 Total investment earnings \$ 11,967 Total additions \$ 52,842 DEDUCTIONS Professional and contractual services \$ 19,628 Other 8,268		\$			
Total contributions \$ 40,875 Investment earnings: Interest \$ 11,967 Total investment earnings \$ 11,967 Total additions \$ 52,842 DEDUCTIONS Professional and contractual services \$ 19,628 Other \$ 8,268	Burial permits		5,400		
Investment earnings: Interest \$ 11,967 Total investment earnings \$ 11,967 Total additions \$ 52,842 DEDUCTIONS Professional and contractual services \$ 19,628 Other \$ 8,268	Fees	_	675		
Interest \$ 11,967 Total investment earnings \$ 11,967 Total additions \$ 52,842 DEDUCTIONS Professional and contractual services \$ 19,628 Other \$ 8,268	Total contributions	\$ _	40,875		
Total investment earnings \$ 11,967 Total additions \$ 52,842 DEDUCTIONS Professional and contractual services \$ 19,628 Other \$ 8,268	Investment earnings:				
Total additions \$ 52,842 DEDUCTIONS Professional and contractual services \$ 19,628 Other \$ 8,268	Interest	\$	11,967		
DEDUCTIONS Professional and contractual services \$ 19,628 Other 8,268	Total investment earnings	\$	11,967		
Professional and contractual services \$ 19,628 Other \$ 8,268	Total additions	\$ _	52,842		
Other8,268	DEDUCTIONS				
<u>·</u>	Professional and contractual services	\$	19,628		
Total deductions \$ 27.896	Other		8,268		
10tat deductions 5	Total deductions	\$	27,896		
Change in net position \$ 24,946	Change in net position	\$	24,946		
Net position - beginning 445,787	Net position - beginning		445,787		
Net position - ending \$ 470,733	Net position - ending	\$ -	470,733		

Notes to Financial Statements As of June 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Narrative Profile

The Town of Gordonsville, located in Orange County, Virginia, was founded in 1813 and incorporated in 1873. The Town has a population of 1,498 and a land area of .9 square miles.

The Town is governed under the Council-Manager form of government. The Town government, with approximately 15 full-time employees, engages in a wide range of municipal services including: police protection, refuse collection, recycling, street and sidewalk maintenance, streetlights, zoning enforcement, planning and community development, and Town beautification. Judicial administration, educational, fire, library, health and welfare services, and recreational facilities and programs are provided by Orange County.

The financial statements of the Town of Gordonsville, Virginia have been prepared in conformity with accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Financial Reporting Entity

Accounting principles generally accepted in the United States require financial statements to present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The Town has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The Town does not have any discretely presented component units.

The Treasurer is the fiscal agent of Maplewood Cemetery. The financial activities of the Maplewood Cemetery are excluded from the Town's government-wide statements for the following reasons:

- 1. The Cemetery is a separate legal entity;
- 2. The Town is not financially accountable for the Cemetery;
- 3. The Town does not exercise oversight responsibility or authority over the Cemetery trustees, and;
- 4. The Cemetery trustees are separately appointed by the Circuit Court of the County of Orange.

Notes to Financial Statements As of June 30, 2023 (Continued)

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

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County of Buckingham, Virginia's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Town's water and sewer functions and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Town of Gordonsville, Virginia's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

During the course of operations the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. Further, certain activity occurs during the year involving transfers of resources between funds reported at gross amounts as transfers in/out. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so only the net amount is included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

Notes to Financial Statements As of June 30, 2023 (Continued)

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

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

The government-wide, proprietary, and fiduciary fund financial statements are reported 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.

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the Town.

The following is a brief description of the specific funds used by the Town in FY 2023.

1. Governmental Funds:

Governmental Funds are those through which most governmental functions typically are financed.

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

Notes to Financial Statements As of June 30, 2023 (Continued)

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

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

- 1. Governmental Funds: (Continued)
 - b. Special Revenue Fund Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund is the Pool Fund, which is considered a major fund.

2. Proprietary Funds:

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

Enterprise Funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. The enterprise funds consist of the Water and Sewer Fund and the Airport Fund, both of which are considered major funds.

3. Fiduciary Funds (Trust and Custodial Funds):

Fiduciary Funds (Trust and Custodial Funds) account for assets held by the Town in a trustee capacity or as custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private-Purpose Trust Funds. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The Private-Purpose Trust Fund (Maplewood Cemetery) uses the accrual basis of accounting for reporting its assets and liabilities.

F. Program Revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided or fines imposed by a given function or segment, and (2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

G. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues consist of charges to customers for sales and services.

The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Notes to Financial Statements As of June 30, 2023 (Continued)

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

H. Budgetary Comparison Schedules

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

I. Budgets and Budgetary Accounting

The Town Council annually adopts budgets for the various funds.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. On or before April 1 of each year, the Town Manager submits to Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
- 2. Public notice regarding the proposed budget is circulated in accordance with Virginia statute, and at least one public hearing is conducted at Town Hall to obtain taxpayer comments.
- 3. Prior to June 30, the budget is legally enacted through passage of an appropriation resolution. Town Council may approve supplemental appropriations.
- 4. The legal level of control is at the departmental level within an individual fund. The Town Manager is authorized to transfer budgeted amounts within departments within any fund; however, any revisions between departments, from the contingency line item, or that alter the total expenditures of any fund must be approved by Town Council.
- 5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Pool Fund, Water and Sewer Fund, and Airport Fund.
- 6. The budgets for these funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- 7. A review of the presented budget comparisons herein will disclose how accurately Town Council was actually able to forecast the revenues and expenditures of the Town.
- 8. Appropriations lapse on June 30, unless carried forward by a resolution of Town Council.
- 9. Budgetary amounts as presented in the financial statements reflect budget revisions through June 30, 2023.

Notes to Financial Statements As of June 30, 2023 (Continued)

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

J. Expenditures and Appropriations

Expenditures exceeded appropriations in the following departments of the general fund at June 30, 2023:

Department	 verspent
Town Council	\$ 206
Tax Relief for the Elderly	45
Parks and recreation	1,676
Community Development	500
Debt Service	41,079

K. Cash and Cash Equivalents

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

L. Investments

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

The Town's investments at June 30, 2023 consisted of amounts invested in the Local Government Investment Pool.

M. Inventories and Prepaid Items

Inventories are immaterial to the financial statements and are therefore not capitalized as assets.

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

N. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowances for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible taxes and water and sewer receivables are \$13,128 and \$62,048, respectively at June 30, 2023.

Notes to Financial Statements As of June 30, 2023 (Continued)

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

O. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

As the Town constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, and infrastructure of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives:

Land improvements	10-40 years
Buildings	20-40 years
Plant, equipment, and infrastructure	25-50 years
Plans and topographic maps	5-40 years
Vehicles	5-7 years
Machinery and Equipment	5-10 years
Intangibles	5-6 years

P. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has several types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid

Notes to Financial Statements As of June 30, 2023 (Continued)

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

P. Deferred Outflows/Inflows of Resources (Continued)

on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pledges, leases, pension and OPEB are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Q. Compensated Absences

Vacation

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

Accumulated sick leave lapses when employees leave the employ of the Town and, upon separation from service, no monetary obligation exists.

The current amount of leave liability has been estimated at 10%. The balance of compensated absences has been reported as a long-term liability.

R. Pensions

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

S. Other Postemployment Benefits (OPEB)

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

Notes to Financial Statements As of June 30, 2023 (Continued)

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

T. Long-Term Obligations

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

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

U. Use of Estimates

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

V. Net Position

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

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

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

Notes to Financial Statements As of June 30, 2023 (Continued)

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

W. Fund Balance

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

- Nonspendable fund balance amounts that are either not in spendable form (such as inventory and prepaids) or are legally and contractually required to be maintained intact (corpus of a permanent fund).
- Restricted fund balance amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- Committed fund balance amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Town Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Council adopts another ordinance to remove or revise the limitation.
- Assigned fund balance amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- Unassigned fund balance amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance/resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year-end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

Policy requires that the general and enterprise fund balance should equal not less than 10% of the budgeted expenditures for that fund plus an amount equal to the Town's prior debt expense for that fund. If unassigned fund balance is less than this amount, the deficit must be funded within 3 years, 1/3 each year. In fiscal year 2021, the general fund balance was short of the 10% budgeted operating expenses and debt requirements.

Notes to Financial Statements As of June 30, 2023 (Continued)

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

X. Leases

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

Lessee

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

Lessor

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

Key Estimates and Judgments

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

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

The Town monitors changes in circumstances that would require a remeasurement or modification of its leases. The Town will remeasure the lease asset and liability or the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS:

<u>Deposits</u>

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

Investments

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

Custodial Credit Risk (Investments)

The Town's investments at June 30, 2023 were held in the Town's name by the Town's custodial bank.

Credit Risk of Debt Securities

The Town has no investment policy.

The Town's rated debt investments as of June 30, 2023 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using the Standard & Poor's rating scale.

Rated Debt Investments		Ratings			
	_	AAAm			
Local Government Investment Pool Local Government Investment Pool - Cemetery	\$_	2,667,550 313,074			
Total	\$_	2,980,624			

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

The Town invests funds in low-risk investments backed by U.S. government agencies.

Investment Maturities (in years)

Investment Type	Value	Less Than 1 Year
Local Government Investment Pool Local Government Investment Pool - Cemetery	\$ 2,667,550 313,074	\$ 2,667,550 313,074
Total	\$ 2,980,624	\$ 2,980,624

External Investment Pool

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

NOTE 3-LEASE RECEIVABLE:

The Town leases various real property to third parties. The following summarizes the balances related to these leases for the year ended June 30, 2023:

Lease Description	Term Ends	Discount Rate	Lease Receivable June 30, 2023
Klockner Pentaplast (Land)	4/1/2026	1.75% \$	18,956
Warehouse	10/1/2026	2.96%	94,676
GELP (Dominion Energy Virginia)	6/1/2034	3.00%	4,755,671
		\$	4,869,303

Lease revenue under these contracts totaled \$467,803 for the year ended June 30, 2023. Lease interest revenue totaled \$153,651 for the year ended June 30, 2023.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 3—LEASE RECEIVABLE: (CONTINUED)

Future payments under the long-term lease contracts at June 30, 2023 were:

Year						
Ended	Le	ase	es			
June 30,	Principal	rincipal				
2024	\$ 476,946	\$	195,046			
2025	397,701		133,001			
2026	425,556	425,556				
2027	426,517		108,309			
2028	444,660		95,585			
2029-2033	2,697,923		256,354			
Totals	\$ 4,869,303	\$	909,280			

NOTE 4—PROPERTY TAXES:

Real and personal property taxes are levied on January 1 at a rate enacted by the Town Council on the assessed value of property as determined by the Commissioner of Revenue of Orange County. Neither the Town Charter nor the State of Virginia imposes a limitation on the tax rate. The Town's tax rates for fiscal year 2023 were \$.117, \$.99, and \$.24 per \$100 of real estate, personal property, and machinery and tools assessed valuation, respectively. Vehicles were assessed at a special rate of \$.72 due to the abnormal increase in vehicle values.

Real estate taxes are due in two installments, the first on June 5 and the second on December 5. Personal property taxes are due annually on December 5. A penalty of 10 percent is added to each delinquent installment. No discounts are allowed and interest at 10 percent per annum is also assessed on delinquent installments, beginning January 1.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 5-ACCOUNTS RECEIVABLE:

Accounts receivable are detailed as follows:

	_	Governmental Activities	 Business-type Activities
Property taxes	\$	108,222	\$ -
Meals taxes		55,664	-
Consumer utility taxes		2,988	-
Consumption taxes		310	-
Trash fee		5,884	-
Utility taxes		3,391	-
Park pledges		15,450	-
Other	_	229	 320,190
Total	\$	192,138	\$ 320,190
Allowance for uncollectibles	_	(13,128)	 (62,048)
Net receivables	\$	179,010	\$ 258,142

As of June 30, 2023, the Town collected park donations in the amount of \$1,276,800 for the Verling Park project. Land valued at \$200,000 was also received for the Park during the year.

NOTE 6-DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governments are detailed as follows:

	_	Governmental Activities	 Business-Type Activities	 Total
Commonwealth of Virginia:				
Communication tax	\$	3,356	\$ -	\$ 3,356
Land and Water Conservation grant		68,727	-	68,727
Airport grant		-	21,749	21,749
Other		489	-	489
County of Orange, Virginia:				
Local sales taxes		37,681	-	37,681
Circuit Court of Orange County, Virginia:				
Court fines	_	14,613	 -	 14,613
Total	\$_	124,866	\$ 21,749	\$ 146,615

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 7—CAPITAL ASSETS:

The following is a summary of changes in capital assets during the fiscal year:

		Balance July 1, 2022		Increases		Decreases		Balance June 30, 2023
Governmental Activities:							_	
Capital assets not being depreciated: Land Construction in progress	\$_	554,744 80,149	\$	200,000 229,317	\$	- 28,606	\$	754,744 280,860
Total capital assets not being depreciated	\$_	634,893	\$_	429,317	\$	28,606	\$_	1,035,604
Other capital assets: Land improvements Buildings and improvements Infrastructure Machinery, equipment and vehicles	\$_	141,390 1,504,026 3,119,877 528,072	\$	- 43,581 - 128,664	\$	- - - 34,350	\$	141,390 1,547,607 3,119,877 622,386
Total other capital assets	\$_	5,293,365	\$_	172,245	\$	34,350	\$_	5,431,260
Accumulated depreciation: Land improvements Buildings and improvements Infrastructure Machinery, equipment and vehicles	\$	115,291 662,854 453,738 367,136	\$	3,152 53,185 77,997 59,216	\$	- - - 33,822	\$	118,443 716,039 531,735 392,530
Total accumulated depreciation	\$_	1,599,019	\$_	193,550	\$	33,822	\$_	1,758,747
Other capital assets, net	\$_	3,694,346	\$	(21,305)	\$	528	\$_	3,672,513
Net capital assets	\$_	4,329,239	\$	408,012	\$	29,134	\$_	4,708,117
Depreciation is allocated to: General government administration Public safety Public works Parks, Recreation, and Cultural			\$	120,645 20,702 48,265 3,938	•			
Total			\$	193,550				

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Business-type Activities: Water and Sewer Fund	_	Balance July 1, 2022	 Increases		Decreases		Balance June 30, 2023
Capital assets not being depreciated:							
Land	\$	204,978	\$ -	\$	- \$)	204,978
Construction in progress	_	58,095	 141,518		23,285	_	176,328
Total capital assets not being							
depreciated	\$_	263,073	\$ 141,518	\$_	23,285 \$	_	381,306
Other capital assets:							
Buildings and improvements	\$	1,168,087	\$ 14,975	\$	- \$	•	1,183,062
Infrastructure		2,958,885	-		-		2,958,885
Machinery, equipment and vehicles	_	387,440	 145,469		<u>-</u>		532,909
Total other capital assets	\$_	4,514,412	\$ 160,444	\$_	\$	_	4,674,856
Accumulated depreciation:							
Buildings and improvements	\$	498,939	\$ 39,948	\$	- \$	•	538,887
Infrastructure		1,934,449	62,808		-		1,997,257
Machinery, equipment and vehicles	_	326,832	 34,537		-		361,369
Total accumulated depreciation	\$_	2,760,220	\$ 137,293	\$_	\$	_	2,897,513
Other capital assets, net	\$_	1,754,192	\$ 23,151	\$_	\$	_	1,777,343
Net capital assets	\$_	2,017,265	\$ 164,669	\$	23,285 \$	_	2,158,649
Depreciation is allocated to:							
Water and sewer operations			\$ 137,293	•			

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 7—CAPITAL ASSETS: (CONTINUED)

Business-type Activities:	_	Balance July 1, 2022		Increases	_	Decreases		Balance June 30, 2023
Airport Fund								
Capital assets not being depreciated:		4 5 40				,		4 5 40
Land	\$,	•	-	\$	- 5	>	1,548
Construction in progress	_	250,047		2,128,421	_	10,862	_	2,367,606
Total capital assets not being								
depreciated	\$_	251,595	\$_	2,128,421	\$_	10,862	<u> </u>	2,369,154
Other capital assets:								
Infrastructure	\$	169,988	\$	-	\$	- \$	5	169,988
Total other capital assets	\$_	169,988	\$_	-	\$_		<u> </u>	169,988
Accumulated depreciation:								
Infrastructure	\$_	68,540	\$	4,250	\$_	<u> </u>	`_	72,790
Total accumulated depreciation	\$_	68,540	\$_	4,250	\$_		-	72,790
Other capital assets, net	\$_	101,448	\$_	(4,250)	\$_		<u> </u>	97,198
Net capital assets	\$_	353,043	\$_	2,124,171	\$_	10,862) =	2,466,352
Depreciation is allocated to: Airport operations			\$ <u>_</u>	4,250				

Construction in progress disposals represent an asset impairment of \$10,862 for a pavement study written off during the year.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 8-UNEARNED AND DEFERRED/UNAVAILABLE REVENUE:

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

	Government-wide Statements Governmental Activities		Balance Sheet Governmental Funds
Deferred/Unavailable Revenue:		_	
Unavailable revenue representing uncollected property tax billings for which asset recognition criteria has not been met. The uncollected tax billings are not available for the funding of current expenditures.	-	\$	21,384
2nd half assessments due after June 30	71,720		71,720
Prepaid property taxes due after June 30 but paid in advance by taxpayers	6,663		6,663
Total deferred/unavailable tax revenue \$	78,383	\$_	99,767
Unavailable revenue for park pledges Unavailable revenue for long-term leases Prepaid rent due after June 30 but paid in advance	15,450 4,676,443 1,823		15,450 4,676,443 1,823
Total deferred/unavailable revenue \$	4,772,099	\$_	4,793,483
Unearned revenue: ARPA grant \$	1,097,599	\$	1,097,599

NOTE 9-COMPENSATED ABSENCES:

The Town has accrued the liability arising from outstanding compensated absences. Town employees earn vacation and sick leave based upon length of service. The Town has outstanding accrued compensated absences totaling \$44,139 in governmental activities (funded by the General Fund) and \$5,266 in the Water and Sewer Fund.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 10-LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligations of the Town for the year ended June 30, 2023.

	Balance July 1, 2022	_	Issuances/ Increases	Retirements/ Decreases	 Balance June 30, 2023
Long-term liabilities payable from governmental activities: Direct borrowing and placements:					
VRA Bond	\$ 56,700	\$	- \$	56,700	\$ -
GO Bonds	1,041,326		-	78,381	962,945
Premium on Bond	715		-	715	-
Settlement Agreement - Orange County	38,000		-	9,500	28,500
Financed purchase	7,470		-	7,470	-
Net OPEB liability	29,780		19,760	17,580	31,960
Compensated absences	44,641	-		502	 44,139
Total from governmental activities	\$ 1,218,632	\$	19,760 \$	170,848	\$ 1,067,544
Long-term liabilities payable from					
business-type activities:					
Direct borrowing and placements:					
VRA Bond	\$ 48,300	\$	- \$	48,300	\$ -
GO Bonds	211,472		-	15,917	195,555
Premium on Bond	608		-	608	-
Net OPEB liability	9,805		6,692	5,832	10,665
Compensated absences	4,640	-	626		 5,266
Total from business-type activities	\$ 274,825	\$	7,318 \$	70,657	\$ 211,486
Total long-term obligations	\$ 1,493,457	\$	27,078 \$	241,505	\$ 1,279,030
Reconciliation to Exhibit 1:					
Long-term liabilities:					
Due within one year					\$ 112,241
Due in more than one year					1,166,789
Total long-term liabilities					\$ 1,279,030

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 10-LONG-TERM OBLIGATIONS: (CONTINUED)

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

VML/VACO		Orange County			
Year	Series 2018	A/2018B	Settlement Agreement		
Ended	\$1,601,	600	\$95,00	00	
June 30,	Principal	Interest	Principal	Interest	
2024	97,800 \$	40,471 \$	9,500 \$	-	
2025	101,400	36,846	9,500	-	
2026	105,200	33,084	9,500	-	
2027	109,000	29,183	-	-	
2028	113,100	25,135	-	-	
2029-2033	632,000	59,396	-	-	
,					
Totals	1,158,500 \$	224,115 \$	28,500 \$	-	

Details of Long-term Indebtedness:

Governmental Activities:	-	Total Amount Outstanding		Amount Due Within One Year
Bonds (Direct Borrowings and Placements): On February 26, 2018, the Town issued General Obligation Refunding Bonds in the amount of \$900,000 and \$701,600 with interest at 3.28% and 4.11%, respectively, through August 1, 2032. Annual installments are due ranging from \$48,700 to \$74,600. Proceeds were used to pay off interim financing. Proceeds have been allocated 83% to the general fund and 17% to the water and sewer fund.	\$_	962,945	\$_	81,291
Settlement Agreement: The Town entered into a settlement agreement with Orange County, Virginia in December 2016 related to the County Treasurer's overpayment of \$95,000 in sales tax to the Town. The settlement terms require ten (10) annual payments of \$9,500				
without interest beginning July 1, 2017.	\$_	28,500	\$_	9,500
Net OPEB liability	\$	31,960	\$_	-
Compensated absences	\$.	44,139	\$_	4,414
Total long-term obligations from governmental activities	\$	1,067,544	\$_	95,205

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 10—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of Long-term Indebtedness: (Continued)

Business-type Activities:	_(Total Amount Outstanding	_	Amount Due Within One Year
Bonds (Direct Borrowings and Placements):				
Payments on the 2018 bonds described above are allocated 17% to the water and sewer fund.	\$_	195,555	\$_	16,509
Total direct borrowings and placements (bonds payable)	\$_	195,555	\$_	16,509
Net OPEB liability	\$_	10,665	\$_	
Compensated absences	\$_	5,266	\$_	527
Total long-term obligations from business-type activities	\$_	211,486	\$_	17,036

In the event of a default on the 2011 bonds, the lender may declare the unpaid principal balance, along with all accrued interest thereon, to be immediately due and payable. In the event of default on the 2018 bonds, the unpaid principal amount of the bond shall bear interest at the rate of 12 percent per annum or the maximum rate permitted under applicable law, whichever is less.

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Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 11-LEASE AND RELATED AGREEMENTS:

Lease of Land

On February 5, 1992, the Town Council granted an option to lease land to a company that used the land to build an energy cogeneration plant. The option was exercised during the fiscal year ended June 30, 1993.

The lease operates under three separate terms: the Preliminary Term, the Initial Term, and the Renewal Term. The Preliminary Term extended from February 5, 1992 until February 5, 1996. The Initial Term extends from the end of the Preliminary Term for a period of thirty years. Under the terms of the lease agreement, the tenant would then have the option of renewing the lease for one Renewal Term, which would extend the entire option/lease agreement to no more than forty years.

Rent revenue under the contract totals approximately \$232,000 per year, not including miscellaneous charges. For the fiscal year ended June 30, 2023, rent and miscellaneous charges totaled \$435,501.

Water Agreements

On January 28, 1993, the Town agreed to reserve not less than 3,000,000 gallons per month (gpm) of potable water for the plant's use as process water and its normal domestic potable water supply. The rate charged is equal to the Town's rate from the water provider plus the amount the Town adds to those rates. This agreement was effective upon execution by both parties. The initial term of the agreement ends thirty years from the date of execution and automatically renews at the end of the initial term and each of two additional five-year periods, unless written notice is received of the plant's intention not to renew at least one year prior to the expiration of the initial term or any renewal period.

On August 16, 1993, the water agreement was amended to provide 6,000,000 gpm. The rates charged on the first 3,000,000 gpm are based on the original agreement. However, rates on the second 3,000,000 gpm are dependent upon use. The plant shall pay the Town's markup on the second 3,000,000, whether any portion of the Town Water Supply is actually delivered or not. If delivery of any portion of the second 3,000,000 is made, in addition to the monthly markup payment, the Town shall be paid the actual cost by the Town to the provider for that portion in excess of the first 100,000 used by the plant.

On July 18, 1994, a quarry water agreement was entered into between these same parties. This allowed the plant to design and construct a system necessary to withdraw water from the Quarry and transport 5,000,000 gpm to the power production facility. The plant was given the non-exclusive right, but not the obligation, to withdraw and use up to 5,000,000 gpm of Quarry Water. The plant pays the Town a rate of 20% of the Industrial Water Rate as periodically changed by amendments to the Town Code per month for the reservation of the Reserved Water. Therefore, no further payments are to be made for withdrawals of the reserved water unless such withdrawals exceed 5,000,000 gpm. All water withdrawn in excess of 5,000,000 gpm shall be paid at a rate of 20% of the Industrial Water Rate as periodically changed by amendments to the Town Code. This agreement was effective upon execution by both parties. The initial term of the agreement ends thirty years from the date of execution and automatically renews at the end of the initial term and each of two additional five-year periods, unless written notice is received of the plant's intention not to renew at least one year prior to the expiration of the initial term or any renewal period.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 11—LEASE AND RELATED AGREEMENTS: (CONTINUED)

Water Agreements (Continued)

On April 18, 2016, a quarry water access agreement and deed of easement was entered into between the Town and Klockner Pentaplast of America, Inc. The term of the agreement is 5 years and the parties agreed to enter into good faith negotiations to extend the term of the agreement at least 6 months prior to the expiration of the initial term of the agreement. An addendum dated April 18, 2021 extended the agreement for 5 additional years. Klockner shall pay the Town annual amounts ranging from \$6,105 to \$6,544 under the agreement addendum.

NOTE 12-PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Town are automatically covered by VRS Retirement Plan upon employment. This agent multiple-employer 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 pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the <u>Code of Virginia</u>, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

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

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Benefit Structures (Continued)

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

Average Final Compensation and Service Retirement Multiplier

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

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

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	7
Inactive members:	
Vested inactive members	4
Non-vested inactive members	19
Inactive members active elsewhere in VRS	14
Total inactive members	37
Active members	18
Total covered employees	62

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2023 was 12.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$90,721 and \$103,800 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Asset

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation 2.50%

Salary increases, including inflation 3.50% - 5.35%

Investment rate of return 6.75%, net of pension plan investment

expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

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

Inflation 2.50%

Salary increases, including inflation 3.50% - 4.75%

Investment rate of return 6.75%, net of pension plan investment

expenses, including inflation

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 12-PENSION PLAN: (CONTINUED)

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

Notes to Financial Statements As of June 30, 2023 (Continued)

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

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

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

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Discount Rate (Continued)

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

Changes in Net Pension Liability (Asset)

	_	Increase (Decrease)				
		Total Plan			Net	
		Pension		Fiduciary		Pension
		Liability		Net Position		Liability (Asset)
	_	(a)		(b)		(a) - (b)
Balances at June 30, 2021	\$_	1,935,192	\$	2,105,492	\$	(170,300)
Changes for the year:						
Service cost	\$	122,148	\$	-	\$	122,148
Interest		134,021		-		134,021
Changes of assumptions		-		-		-
Differences between expected						
and actual experience		(195,141)		-		(195,141)
Contributions - employer		-		103,800		(103,800)
Contributions - employee		-		35,120		(35,120)
Net investment income		-		(2,681)		2,681
Benefit payments, including refunds						
of employee contributions		(143,683)		(143,683)		-
Administrative expenses		-		(1,287)		1,287
Other changes	_	-		49		(49)
Net changes	\$_	(82,655)	\$	(8,682)	\$	(73,973)
Balances at June 30, 2022	\$_	1,852,537	\$	2,096,810	\$	(244,273)

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

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

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

		Rate	
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's Net Pension Liability (Asset)	\$ 28,871 \$	(244,273) \$	(464,255)

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 (\$47,627). 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	\$ 2,858	\$ 145,605
Changes of assumptions	17,028	-
Net difference between projected and actual earnings on pension plan investments	-	60,016
Changes in proportionate share	4,688	4,688
Employer contributions subsequent to the measurement date	90,721	
Total	\$ 115,295	\$ 210,309

\$90,721 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2024	\$ (122,913)
2025	(51,691)
2026	(40,050)
2027	28,919
Thereafter	-

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 12—PENSION PLAN: (CONTINUED)

Pension Plan Data

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

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS:

Group Life Insurance (GLI) Plan

Plan Description

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

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

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

Eligible Employees

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

Benefit Amounts

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

Contributions

The contribution requirements for the GLI Plan are governed by \$51.1-506 and \$51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$4,178 and \$4,159 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

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

At June 30, 2023, the entity reported a liability of \$42,625 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was .00350% as compared to .00340% at June 30, 2021.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

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

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of \$538. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	_	Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$	3,375	\$ 1,710
Net difference between projected and actual earnings on GLI OPEB plan investments		-	2,663
Change in assumptions		1,590	4,152
Changes in proportionate share		2,174	2,103
Employer contributions subsequent to the measurement date	_	4,178	
Total	\$_	11,317	\$ 10,628

\$4,178 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2024	\$ (1,075)
2025	(651)
2026	(2,254)
2027	485
2028	6
Thereafter	-

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

Actuarial Assumptions

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

Inflation 2.50%

Salary increases, including inflation:

Locality - General employees 3.50%-5.35% Locality - Hazardous Duty employees 3.50%-4.75%

Investment rate of return 6.75%, net of investment expenses,

including inflation

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 13—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance (GLI) Plan (Continued)

Discount Rate

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

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

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

		Rate					
		1% Decrease	Current Discount	1% Increase (7.75%)			
	_	(5.75%)	(6.75%)				
Town's proportionate share of the	_						
GLI Plan Net OPEB Liability	\$	62,024 \$	42,625	26,948			

GLI Plan Fiduciary Net Position

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

Line of Duty Act (LODA)

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 13-OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Line of Duty Act (LODA) (Continued)

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2023 was \$7,659.

NOTE 14-CONTINGENT LIABILITIES:

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

NOTE 15-COMMITMENTS:

The Town had commitments at year-end related to several projects. Outstanding amounts are as follows:

	_	Contract Amount	 Spent to Date	 Balance of Contract
Town Hall Parking Lot	\$	44,600	\$ 32,600	\$ 12,000
Safe Routes - Town share		47,796	26,599	21,197
Wayfinding Signage		85,940	64,626	21,314
Airport Runway Rehabilitation		2,219,331	2,046,450	172,881
Verling Park and Dix Memorial Pool Improvements		266,636	218,361	48,275
Total	\$	2,664,303	\$ 2,388,636	\$ 275,667

NOTE 16-RISK MANAGEMENT:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates with other localities in a public entity risk pool for coverage of workers' compensation with Virginia Municipal league and public officials' liability with the Virginia Department of Risk Management. The Town pays an annual premium to the pools for its insurance through member premiums. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 17—INTERGOVERNMENTAL AGREEMENT:

In September 2007, the Town entered into a raw water storage basin agreement with the Town of Orange, Virginia. The agreement stipulates that the interest cost to Orange for the financing of the construction of the raw water storage basin will be borne by Gordonsville and Orange in proportion to the monthly amount each takes of the finished water produced by Orange. The agreement shall continue until payments are made for forty (40) years or until the bonds are paid off, whichever occurs first. The Town of Gordonsville made payments totaling \$9,137 during fiscal year 2023 pursuant to the agreement.

NOTE 18—Interfund Transfers:

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

	_	Transfers In		Transfers Out	Net
Governmental Activities:					
General Fund	\$	-	\$	480,086 \$	(480,086)
Pool Fund		26,260		-	26,260
Total	\$	26,260	\$	480,086 \$	(453,826)
Business-Type Activities:	_		_		
Water and Sewer Fund	\$	257,673	\$	- \$	257,673
Airport Fund		196,153		-	196,153
Total	\$ <u></u>	453,826	\$	- \$	453,826
Net interfund transfers				\$	

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

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 19-UPCOMING PRONOUNCEMENTS:

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

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

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

Statement No. 102, Certain Risk Disclosures, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, Financial Reporting Model Improvements, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

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

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

NOTE 20—SUBSEQUENT EVENTS:

COVID-19 Pandemic and Funding

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2023 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2023.

Notes to Financial Statements As of June 30, 2023 (Continued)

NOTE 20—SUBSEQUENT EVENTS: (CONTINUED)

ARPA Funding

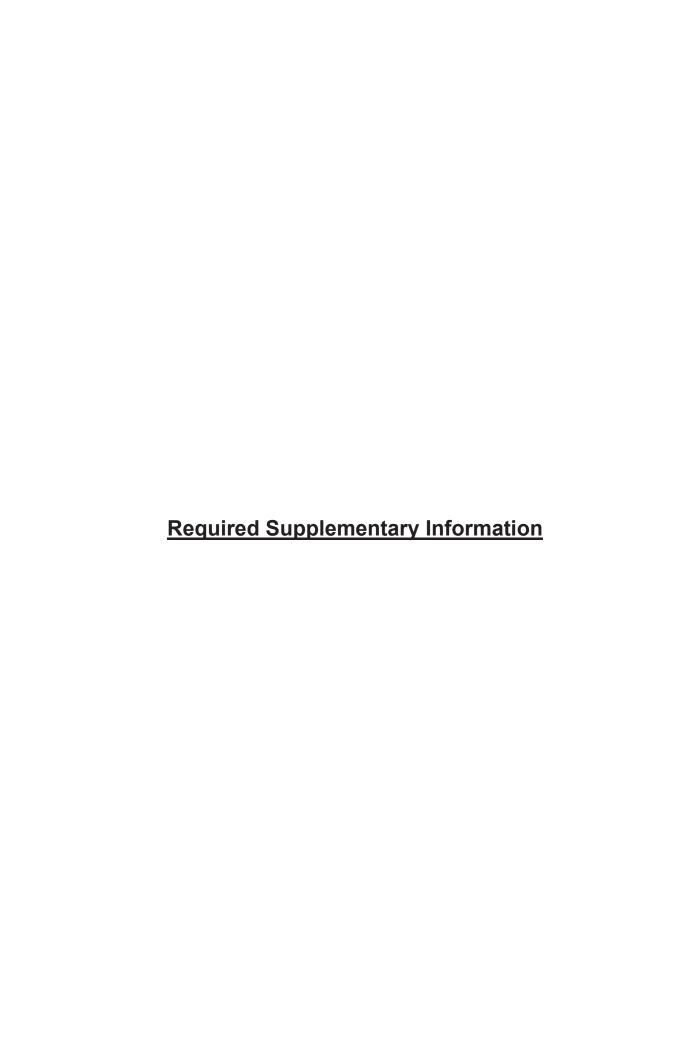
On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning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

On June 30, 2021, the Town received its share of the first half of the CSLFRF funds in the amount of \$842,664. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$1,097,599 are reported as unearned revenue as of June 30.

Other Subsequent Events

In December 2023, the Town entered into a contract with Pleasant View Developers, Inc. in the amount of \$412,976 for the Town Hall Parking Lot Renovations.

In April 2024, the Town awarded a contract to Morgan Keller in the amount of \$3,772,376 for the park redevelopment project with 50% to be funded by the Land Water Conservation Fund grant award in the amount of \$1,605,750. The Virginia Department of Conservation & Recreation is serving as the pass-through agency for grant funding distributed from the National Park Service.



General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2023

	Budgeted Amounts				Actual	Variance with Final Budget - Positive	
		Original		Final		Actual	(Negative)
REVENUES	_	<u> </u>	_		-		
General property taxes	\$	256,100	5	256,100	\$	263,565 \$	7,465
Other local taxes		849,500		849,500		1,058,119	208,619
Permits, privilege fees, and regulatory licenses		750		750		328	(422)
Fines and forfeitures		140,000		140,000		136,119	(3,881)
Revenue from the use of money and property		580,920		580,920		789,204	208,284
Miscellaneous		1,674,850		1,674,850		1,367,850	(307,000)
Recovered costs		-		-		15,280	15,280
Intergovernmental:							
Commonwealth		120,770		120,770		125,037	4,267
Federal	_	3,094,178		3,094,178		670,813	(2,423,365)
Total revenues	\$	6,717,068	\subseteq	6,717,068	\$_	4,426,315 \$	(2,290,753)
EXPENDITURES							
Current:							
General government administration	\$	562,000	5	562,000	\$	380,995 \$	181,005
Public safety		725,530		725,530		647,876	77,654
Public works		785,758		785,758		529,058	256,700
Health and welfare		4,500		4,500		4,545	(45)
Parks, recreation, and cultural		62,750		62,750		47,511	15,239
Community development		1,200		1,200		1,700	(500)
Capital projects		4,065,020		4,091,410		419,403	3,672,007
Debt service:							
Principal retirement		125,470		125,470		152,052	(26,582)
Interest and other fiscal charges		23,500		23,500	_	37,997	(14,497)
Total expenditures	\$	6,355,728	_	6,382,118	\$_	2,221,137 \$	4,160,981
Excess (deficiency) of revenues over (under)							
expenditures	\$_	361,340	<u> </u>	334,950	\$_	2,205,178 \$	1,870,228
OTHER FINANCING SOURCES (USES)							
Transfers out	\$	(362,490)	5	(362,490)	\$	(480,086) \$	(117,596)
Sale of capital assets	•	1,150	'	1,150		4,720	3,570
Total other financing sources (uses)	\$	(361,340)	<u></u>	(361,340)	\$_	(475,366) \$	
Net charge in found hale	Ļ	,		(27, 200)	Ċ	4 700 040 6	4 754 202
Net change in fund balances	\$	- 5)	(26,390)	\$	1,729,812 \$	
Fund balances - beginning	<u>,</u> –	 ,	_	26,390	<u>,</u> –	939,243	912,853
Fund balances - ending	\$_	<u> </u>	_	-	\$_	2,669,055 \$	2,669,055

Pool Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2023

	Budgeted Amounts				Variance with Final Budget -
		Original	Final	Actual Amounts	Positive (Negative)
REVENUES					
Charges for services	\$	4,650 \$	4,650 \$	10,206 \$	5,556
Miscellaneous		2,500	2,500		(2,500)
Total revenues	\$	7,150 \$	7,150 \$	10,206 \$	3,056
EXPENDITURES					
Current:					
Parks, recreation, and cultural	\$_	26,400 \$	26,400 \$	43,275 \$	(16,875)
Total expenditures	\$_	26,400 \$	26,400 \$	43,275 \$	(16,875)
Excess (deficiency) of revenues over (under)					
expenditures	\$_	(19,250) \$	(19,250) \$	(33,069) \$	(13,819)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$	19,250 \$	19,250 \$	26,260 \$	7,010
Total other financing sources (uses)	\$	19,250 \$	19,250 \$	26,260 \$	7,010
Net change in fund balances	\$	- \$	- \$	(6,809) \$	(6,809)
Fund balances - beginning		-	-	65,880	65,880
Fund balances - ending	\$	- \$	- \$	59,071 \$	59,071

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Virginia Retirement System - Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2022

		2022	2021	2020	2019
Total pension liability					
Service cost	\$	122,148 \$	107,959 \$	124,267 \$	85,856
Interest		134,021	124,689	110,602	102,881
Changes in benefit terms		-	-	-	-
Changes of assumptions		-	91,068	-	54,676
Differences between expected and actual experience		(195,141)	(184,911)	56,444	(13,709)
Benefit payments		(143,683)	(101,705)	(63,543)	(58,230)
Net change in total pension liability	\$	(82,655) \$	37,100 \$	227,770 \$	171,474
Total pension liability - beginning		1,935,192	1,898,092	1,670,322	1,498,848
Total pension liability - ending (a)	\$_	1,852,537 \$	1,935,192 \$	1,898,092 \$	1,670,322
Plan fiduciary net position					
Contributions - employer	\$	103,800 \$	95,912 \$	67,187 \$	67,996
Contributions - employee	*	35,120	32,396	33,775	34,286
Net investment income		(2,681)	455,378	30,029	97,396
Benefit payments		(143,683)	(101,705)	(63,543)	(58,230)
Administrator charges		(1,287)	(1,081)	(968)	(883)
Other		49	43	(37)	(62)
Net change in plan fiduciary net position	\$	(8,682) \$	480,943 \$	66,443 \$	140,503
Plan fiduciary net position - beginning		2,105,492	1,624,549	1,558,106	1,417,603
Plan fiduciary net position - ending (b)	\$_	2,096,810 \$	2,105,492 \$	1,624,549 \$	1,558,106
Town's net pension liability (asset) - ending (a) - (b)	\$	(244,273) \$	(170,300) \$	273,543 \$	112,216
Plan fiduciary net position as a percentage of the total pension liability		113.19%	108.80%	85.59%	93.28%
Covered payroll	\$	739,572 \$	684,089 \$	703,957 \$	706,527
Town's net pension liability (asset) as a percentage of covered payroll		-33.03%	-24.89%	38.86%	15.88%

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

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Virginia Retirement System - Pension Plan

For the Measurement Dates of June 30, 2014 through June 30, 2022

	_	2018	2017	2016	2015	2014
Total pension liability	_		_		_	_
Service cost	\$	92,413 \$	86,025 \$	88,347 \$	69,845 \$	73,034
Interest		92,717	89,159	77,652	71,368	64,493
Changes in benefit terms		-	-	50,110	-	-
Changes of assumptions		-	(13,270)	-	-	-
Differences between expected and actual experience		24,279	(28,010)	25,841	197	-
Benefit payments	_	(70,183)	(95,952)	(59,202)	(44,053)	(34,594)
Net change in total pension liability	\$	139,226 \$	37,952 \$	182,748 \$	97,357 \$	102,933
Total pension liability - beginning		1,359,622	1,321,670	1,138,922	1,041,565	938,632
Total pension liability - ending (a)	\$	1,498,848 \$	1,359,622 \$	1,321,670 \$	1,138,922 \$	1,041,565
Dies fiducies and position	_					
Plan fiduciary net position	ċ	E7 E70 ¢	E/ 222 ¢	70 901 ¢	46 264 ¢	E 4 004
Contributions - employer	\$	57,578 \$	56,233 \$	70,801 \$	46,261 \$	54,881
Contributions - employee		32,502	31,436	34,569	32,323	30,927
Net investment income		97,096	140,641	22,237	48,238	135,910
Benefit payments		(70,183)	(95,952)	(59,202)	(44,053)	(34,594)
Administrator charges		(806)	(797)	(643)	(613)	(682)
Other		(88) 116,099 \$	(127)	(9) 67,753 \$	(9) 82,147 \$	7
Net change in plan fiduciary net position	\$, .	131,434 \$, ,	, .	186,449
Plan fiduciary net position - beginning	<u>,</u> –	1,301,504	1,170,070	1,102,317	1,020,170	833,721
Plan fiduciary net position - ending (b)	\$ =	1,417,603 \$	1,301,504 \$	1,170,070 \$	1,102,317 \$	1,020,170
Town's net pension liability (asset) - ending (a) - (b)	\$	81,245 \$	58,118 \$	151,600 \$	36,605 \$	21,395
Plan fiduciary net position as a percentage of the total pension liability		94.58%	95.73%	88.53%	96.79%	97.95%
Covered payroll	\$	669,139 \$	651,297 \$	698,070 \$	646,575 \$	620,712
Town's net pension liability (asset) as a percentage of covered payroll		12.14%	8.92%	21.72%	5.66%	3.45%

Schedule of Employer Contributions - Pension Plan For the Years Ended June 30, 2014 through June 30, 2023

Date	 Contractually Required Contribution (1)*	_	Contributions in Relation to Contractually Required Contribution (2)*	 Contribution Deficiency (Excess) (3)	 Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 90,721	\$	90,721	\$ -	\$ 773,719	11.73%
2022	103,800		103,800	-	739,572	14.04%
2021	95,911		95,911	-	684,089	14.02%
2020	67,114		67,114	-	703,957	9.53%
2019	67,988		67,988	-	706,527	9.62%
2018	57,560		57,560	-	669,139	8.60%
2017	56,233		56,233	-	651,297	8.63%
2016	70,801		70,801	-	698,070	10.14%
2015	49,440		49,440	-	646,575	7.65%
2014	54,436		54,436	-	620,712	8.77%

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

Notes to Required Supplementary Information - Pension Plan For the Year Ended June 30, 2023

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

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

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

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

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

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

Schedule of Town's Share of Net OPEB Liability - Group Life Insurance (GLI) Plan For the Measurement Dates of June 30, 2017 through June 30, 2022

					Employer's		
Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	rtion of the Share of the GLI OPEB Net GLI OPEB lity (Asset) Liability (Asset)			Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability	
(1)	(2)	(3)	_	(4)	(5)	(6)	
2022	0.00350%	\$ 42,625	\$	770,215	5.53%	67.21%	
2021	0.00340%	39,585		702,725	5.63%	67.45%	
2020	0.00342%	57,075		703,957	8.11%	52.64%	
2019	0.00361%	58,745		706,527	8.31%	52.00%	
2018	0.00352%	54,000		669,139	8.07%	51.22%	
2017	0.00356%	53,589		656,026	8.17%	48.86%	

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

Schedule of Employer Contributions - Group Life Insurance (GLI) Plan For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	 Contribution Deficiency (Excess) (3)	 Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2023	\$ 4,178	\$ 4,178	\$ -	\$ 773,719	0.54%
2022	4,159	4,159	-	770,215	0.54%
2021	3,794	3,794	-	702,725	0.54%
2020	3,661	3,661	-	703,957	0.52%
2019	3,674	3,674	-	706,527	0.52%
2018	3,480	3,480	-	669,139	0.52%
2017	3,411	3,411	-	656,026	0.52%
2016	3,351	3,351	-	698,070	0.48%
2015	3,104	3,104	-	646,575	0.48%
2014	2,979	2,979	-	620,712	0.48%

Notes to Required Supplementary Information - Group Life Insurance (GLI) Plan For the Year Ended June 30, 2023

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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



Schedule of Revenues - Budget and Actual Governmental Funds

For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual	_	Variance with Final Budget - Positive (Negative)
General Fund:								
Revenue from local sources:								
General property taxes:								
Real property taxes	\$	150,500	\$	150,500	\$	158,550	\$	8,050
Real and personal public service								
corporation taxes		4,500		4,500		3,831		(669)
Personal property taxes		73,000		73,000		75,991		2,991
Mobile home taxes		100		100		101		1
Machinery and tools taxes		9,000		9,000		9,709		709
Penalties		9,000		9,000		7,067		(1,933)
Interest and other fees		10,000		10,000	_	8,316		(1,684)
Total general property taxes	\$	256,100	\$	256,100	\$	263,565	\$	7,465
Others level toward							-	
Other local taxes: Local sales and use taxes	ċ	115 000	ċ	11E 000	Ļ	140 601	ċ	24.604
	\$	115,000	Ş	115,000	þ	149,601	þ	34,601
Consumers' utility taxes		31,500		31,500		35,307		3,807
Cigarette taxes Business license taxes		42,000 125,500		42,000 125,500		45,000 126,387		3,000 887
Motor vehicle licenses		33,000		33,000		29,489		(3,511)
Bank stock taxes		55,000		55,000		51,825		(3,175)
Cable franchise taxes		8,000		8,000		12,301		4,301
Restaurant food taxes		•		•		•		
Water tax		425,000 14,500		425,000 14,500		593,057 15,152		168,057 652
Total other local taxes	s-	849,500	- د -	849,500	- ر -	1,058,119	ς.	208,619
	_ ر	049,300	- ۲ -	049,300	۔ ۲ –	1,030,119	٠,	200,019
Permits, privilege fees, and regulatory licenses:								
Permits and other licenses	\$_	750	Ş __	750	Ş_	328	Ş	(422)
Total permits, privilege fees, and								
regulatory licenses	\$_	750	\$_	750	٤_	328	Ş.	(422)
Fines and forfeitures:								
Court fines and forfeitures	\$	140,000	\$	140,000	¢	136,119	¢	(3,881)
Total fines and forfeitures	ş-	140,000		140,000		136,119		(3,881)
rotat fines and forfeitales	Ť –	140,000	- ~ -	1-10,000	- ~ –	130,117	٠,	(3,001)
Revenue from use of money and property:								
Revenue from use of money	\$	3,500	\$	3,500	\$	102,266	\$	98,766
Revenue from use of property		577,420	_	577,420	_	686,938	_	109,518
Total revenue from use of money								
and property	\$_	580,920	\$_	580,920	\$_	789,204	\$	208,284
Missellenesses								
Miscellaneous: Miscellaneous	ċ	1 (74 050	ċ	1,674,850	Ļ	1 247 950	ċ	(207,000)
	\$_	1,674,850				1,367,850		(307,000)
Total miscellaneous revenue	^{>} –	1,674,850	- ^{>} -	1,674,850	- ۲	1,367,850	٠,	(307,000)
Recovered costs:								
Insurance recovery	\$	-	Ś	_	\$	15,280	\$	15,280
Total recovered costs	ζ-	_	- Š-		- Š –	15,280		15,280
	`_	2 500 :5:	- Ť -	3 500 100	- * –		- '	
Total revenue from local sources	\$_	3,502,120	- Ş -	3,502,120	٤_	3,630,465	\$	128,345

Schedule of Revenues - Budget and Actual Governmental Funds For the Year Ended June 30, 2023 (Continued)

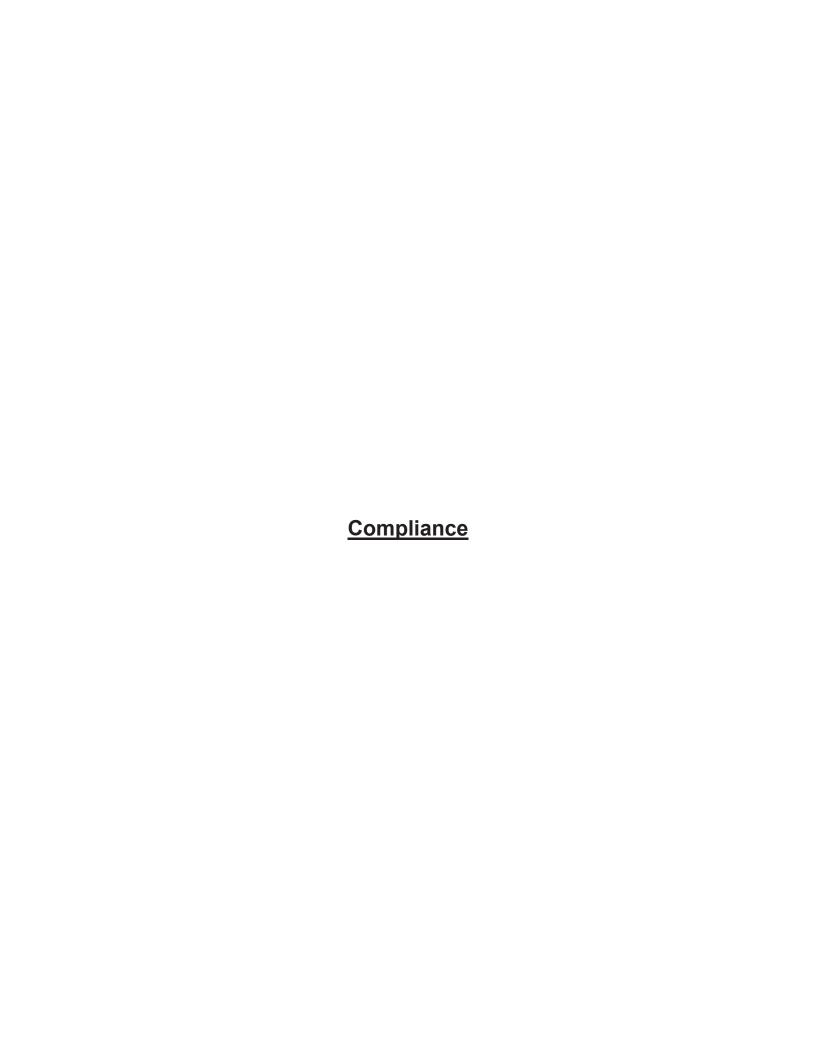
Fund, Major and Minor Revenue Source		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued) Intergovernmental: Revenue from the Commonwealth:			_				•	
Noncategorical aid: Rolling stock taxes	\$	970	Ċ	970	Ċ	385	Ċ	(585)
Motor vehicle rental tax	ڔ	1,900	ڔ	1,900	ڔ	2,723	ڔ	823
Communication taxes		22,500		22,500		21,133		(1,367)
Personal property tax relief funds		33,700		33,700		33,719		19
Total noncategorical aid	\$	59,070	\$	59,070	\$	57,960	\$	(1,110)
Categorical aid: Other categorical aid: 599 Funding	\$	41,700	\$	41,700	\$	45,913	\$	4,213
Litter control grant		5,000		5,000		6,164		1,164
Fire programs fund		15,000	- ي	15,000	- ہ	15,000	٠.	- - - 277
Total other categorical aid	\$_	61,700		61,700		67,077	•	5,377
Total revenue from the Commonwealth	\$_	120,770	٤_	120,770	Ş ₋	125,037	\$	4,267
Revenue from the federal government: Categorical aid: Bullet Proof Vest Grant Local law enforcement block grant	\$		\$		\$	1,010 10,256	\$	1,010 10,256
Coronavirus State and Local Relief Funds		1,513,428		1,513,428		587,329		(926,099)
CESF grant Recreation grant		1,580,750		1,580,750		3,491 68,727		3,491 (1,512,023)
Total categorical aid	ş -	3,094,178	·	3,094,178	- \$ -	670,813	\$	(2,423,365)
Total revenue from the federal government	\$	3,094,178	\$	3,094,178		670,813	•	(2,423,365)
Total General Fund	\$	6,717,068	\$	6,717,068	\$	4,426,315	\$	(2,290,753)
Special Revenue Fund: Pool Fund: Revenue from local sources: Charges for services:	_		_				•	
Charges for open swim	\$	3,000	\$	3,000	\$	8,482	\$	5,482
Charges for concessions		1,500		1,500		1,724		224
Charges for private rentals		150	–	150		-		(150)
Total charges for services	\$_	4,650	٠ ۶ _	4,650	- ۶ -	10,206	۶.	5,556
Miscellaneous: Donations	\$	2,500	\$	2,500	\$	-	\$	(2,500)
Total miscellaneous	\$	2,500	\$	2,500		-	\$	(2,500)
Total revenue from local sources	\$	7,150	\$	7,150		10,206		3,056
Total Pool Fund	\$	7,150	\$	7,150	\$	10,206	\$	3,056
Total Primary Government	\$	6,724,218	\$	6,724,218	\$	4,436,521	\$	(2,287,697)

Schedule of Expenditures - Budget and Actual Governmental Funds For the Year Ended June 30, 2023

General Fund: General government administration: Legislative: Town Council S 17,880 S 17,880 S 18,086 S (206) General and financial administration: S 271,080 S 271,080 S 210,383 S 60,697 Town actorney 21,470 21,470 20,745 72	Fund, Function, Activity and Elements		Original Budget	Final Budget	_	Actual		Variance with Final Budget - Positive (Negative)
Administration	General government administration: Legislative:	ć	47.000 ¢	47.000	£	40.007	ć	(20()
Administration	Town Council	۶_	17,880 \$	17,880	۵_	18,086	۵,	(206)
Total general government administration \$ 562,000 \$ 562,000 \$ 380,995 \$ 181,005	Administration Town attorney	\$	21,470	21,470	\$	20,745	\$	725
Public safety: Law enforcement and traffic control: Police department S 705,530 \$ 705,530 \$ 627,876 \$ 77,654 Total law enforcement and traffic control \$ 705,530 \$ 705,530 \$ 627,876 \$ 77,654 \$ 77,654 \$ 77,654 \$ 705,530 \$ 627,876 \$ 77,654 \$ 77,654 \$ 77,654 \$ 77,654 \$ 77,654 \$ 77,654 \$ 77,654 \$ 77,654 \$ 77,654 \$ 77,654 \$ 704,876 \$ 704,876 \$ 704,	Total general and financial administration	\$	544,120 \$	544,120	\$_	362,909	\$	181,211
Law enforcement and traffic control: Police department \$ 705,530 \$ 705,530 \$ 627,876 \$ 77,654 Total law enforcement and traffic control \$ 705,530 \$ 705,530 \$ 627,876 \$ 77,654 Fire and rescue services: Volunteer fire department \$ 20,000 \$ 20,000 \$ 20,000 \$ Total fire and rescue services \$ 20,000 \$ 20,000 \$ 20,000 \$ Total public safety \$ 725,530 \$ 725,530 \$ 647,876 \$ 77,654 Public works: Maintenance of highways, streets, bridges and sidewalks \$ 643,418 \$ 643,418 \$ 457,415 \$ 186,003 Sanitation and waste removal: Refuse collection \$ 60,950 \$ 60,950 \$ 60,130 \$ 820 Refuse disposal 3,200 3,200 433 2,767 Litter control 5,000 5,000 6,314 (1,314) Total sanitation and waste removal \$ 69,150 \$ 69,150 \$ 66,877 \$ 2,273 Maintenance of general buildings and grounds: Clerk of the Works \$ 69,690 \$ 69,690 \$ - \$ 69,690 Rental property maintenance 3,500 3,500 4,766 (1,266) Total maintenance of general buildings and grounds \$ 73,190 \$ 73,190 \$ 4,766 \$ 68,424 Total public works \$ 785,758 \$ 785,758 \$ 529,058 \$ 256,700 Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 3,345 \$ (545) Piedmont Regional Dental Clinic 5,000 5,000 5,000 Other 1,200 1,200 700 500 Total welfare \$ 4,500 \$ 4,545 \$ (45) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Colter 1,200 1,200 700 500 Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (45) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (45) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Total welfare \$ 4,500 \$ 4,560 \$ 4,545 \$ (545) Total welfare \$ 4,500 \$ 4,560 \$ 4,545	Total general government administration	\$_	562,000 \$	562,000	\$_	380,995	\$_	181,005
Volunteer fire department \$ 20,000 \$ 20,000 \$ 20,000 \$ 20,000 \$ Total fire and rescue services \$ 20,000 \$ 20,000 \$ 20,000 \$ Total public safety \$ 725,530 \$ 725,530 \$ 647,876 \$ 776,654 Public works: Maintenance of highways, streets, bridges and sidewalks: Highways, streets, bridges and sidewalks \$ 643,418 \$ 643,418 \$ 457,415 \$ 186,003 Sanitation and waste removal: Refuse collection \$ 60,950 \$ 60,950 \$ 60,130 \$ 820 Refuse disposal 3,200 \$ 3,200 \$ 433 \$ 2,767 Litter control 5,000 \$ 5,000 \$ 63,14 \$ (1,314) Total sanitation and waste removal \$ 69,150 \$ 69,150 \$ 66,877 \$ 2,273 Maintenance of general buildings and grounds: Clerk of the Works \$ 69,690 \$ 69,690 \$ - \$ 66,877 \$ 2,273 Maintenance of general buildings and grounds: Clerk of the Works \$ 69,690 \$ 69,690 \$ - \$ 66,877 \$ 2,273 Maintenance of general buildings and grounds: Clerk of the Works \$ 73,190 \$ 4,766 \$ 66,877 \$ 2,273 Mental property maintenance 3,500 \$ 3,500 \$ 4,766 \$ 64,444 Total public works 7,87,970 \$ 73,190 \$ 4,766 \$ 68,424 Total public works	Law enforcement and traffic control: Police department	\$_ \$						
Public works: Maintenance of highways, streets, bridges and sidewalks \$ 643,418 \$ 643,418 \$ 457,415 \$ 186,003 Sanitation and waste removal: Refuse collection \$ 60,950 \$ 60,950 \$ 60,130 \$ 820 Refuse disposal 3,200 3,200 433 2,767 Litter control 5,000 5,000 6,314 (1,314) Total sanitation and waste removal \$ 69,150 \$ 69,150 \$ 66,877 \$ 2,273 Maintenance of general buildings and grounds: Clerk of the Works \$ 69,690 \$ 69,690 \$. \$ 69,690 \$. \$ 69,690 Rental property maintenance 3,500 3,500 4,766 (1,266) (1,266) Total maintenance of general buildings and grounds \$ 73,190 \$ 73,190 \$ 4,766 \$ 68,424 Total public works \$ 785,758 \$ 785,758 \$ 529,058 \$ 256,700 Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 3,345 \$ (545) Piedmont Regional Dental Clinic 500 500 500 500 500 500 500 500 500 500	Volunteer fire department Total fire and rescue services	\$_	20,000 \$	20,000	\$_ \$_	20,000	\$ \$	
Sanitation and waste removal: Refuse collection \$ 60,950 \$ 60,950 \$ 60,130 \$ 820 Refuse disposal 3,200 3,200 433 2,767 Litter control 5,000 5,000 6,314 (1,314) Total sanitation and waste removal \$ 69,150 \$ 69,150 \$ 66,877 \$ 2,273 Maintenance of general buildings and grounds: Clerk of the Works \$ 69,690 \$ 69,690 \$ - \$ 69,690 Rental property maintenance 3,500 3,500 4,766 (1,266) (1,266) Total maintenance of general buildings and grounds \$ 73,190 \$ 73,190 \$ 4,766 \$ 68,424 Total public works \$ 785,758 \$ 785,758 \$ 529,058 \$ 256,700 Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 3,345 \$ (545) Piedmont Regional Dental Clinic 500 500 500 500 500 - 100 Other 1,200 1,200 700 500 Total welfare \$ 4,500 \$ 4,500 \$ 4,500 \$ 4,545 \$ (45)	Public works: Maintenance of highways, streets, bridges and sidewalks:	· <u>-</u>						· .
Clerk of the Works \$ 69,690 \$ 69,690 \$ - \$ 69,690 Rental property maintenance 3,500 3,500 4,766 \$ (1,266) Total maintenance of general buildings and grounds \$ 73,190 \$ 73,190 \$ 4,766 \$ 68,424 Total public works \$ 785,758 \$ 785,758 \$ 529,058 \$ 256,700 Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 3,345 \$ (545) Piedmont Regional Dental Clinic 500 500 500 500 500 - 100 Other 1,200 1,200 700 500 Total welfare \$ 4,500 \$ 4,545 \$ (45)	Sanitation and waste removal: Refuse collection Refuse disposal Litter control	\$ \$_	3,200 5,000	3,200 5,000		60,130 433 6,314	\$	2,767 (1,314)
Health and welfare: Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 3,345 \$ (545) Piedmont Regional Dental Clinic 500 500 500 - 1,200 700 500 Other 1,200 1,200 700 500 Total welfare \$ 4,500 \$ 4,500 \$ 4,545 \$ (45)	Clerk of the Works Rental property maintenance	_	3,500	3,500	_	4,766	· _	(1,266)
Welfare: Property tax relief for the elderly and handicapped \$ 2,800 \$ 2,800 \$ 3,345 \$ (545) Piedmont Regional Dental Clinic 500 500 500 500 500 500 - Other 1,200 1,200 700 500 500 500 500 500 500 - Total welfare \$ 4,500 \$ 4,500 \$ 4,545 \$ (45)	Total public works	\$_	785,758 \$	785,758	\$_	529,058	\$_	256,700
Total health and welfare \$ 4,500 \$ 4,500 \$ 4,545 \$ (45)	Welfare: Property tax relief for the elderly and handicapped Piedmont Regional Dental Clinic Other	\$ \$	500 1,200	500 1,200		500 700		500
	Total health and welfare	\$_	4,500 \$	4,500	\$	4,545	\$	(45)

Schedule of Expenditures - Budget and Actual Governmental Funds For the Year Ended June 30, 2023 (Continued)

Fund, Function, Activity and Elements		Original Budget		Final Budget		Actual		Variance with Final Budget - Positive (Negative)
General Fund: (Continued)								
Parks, recreation, and cultural:								
Parks and recreation:	<u>,</u>	2 000	,	2 000	,	2 (25)	,	(425)
Gordonsville little league	\$	2,000	\$	2,000	\$	2,635	\$	(635)
5K event Orange County parks and rec		1,000 600		1,000 600		2,041 600		(1,041)
Woodberry Cemetery calendar fund								-
Total parks and recreation	ş-	1,000 4,600	- ş -	1,000 4,600	· \$ -	1,000 6,276	\$-	(1,676)
. Cultural enrichment:	· -		-	,	· -	<u> </u>	_	(, , ,
Historic Gordonsville	\$	2,250	¢	2,250	¢	2,250	¢	_
Visitor's Center	Ų	52,000	۲	52,000	٠	34,143	ب	17,857
The Journey through Hollowed Ground		500		500		500		-
Fried Chicken Festival		3,400		3,400		4,342		(942)
Total cultural enrichment	\$_	58,150	\$	58,150	\$	41,235	\$ <u> </u>	16,915
Total parks, recreation, and cultural	\$_	62,750	\$_	62,750	\$_	47,511	\$_	15,239
Community development:								
Planning and community development:								
Other community development	\$_	1,200	_\$_	1,200	٤_	1,700	\$_	(500)
Total community development	\$_	1,200	\$_	1,200	\$_	1,700	\$_	(500)
Capital projects:								
Other capital projects	\$	342,980	\$	369,370	\$	81,658	\$	287,712
Verling Park Redevlopment and Expansion		1,645,750		1,645,750		200,657		1,445,093
Verling Park Redevlopment and Expansion - LWCF Grant		1,580,750		1,580,750		-		1,580,750
Public works facility		122,572		122,572		20,896		101,676
Public works vehicles and equipment		190,000		190,000		45,260		144,740
Streets		4,000		4,000		4,701		(701)
Sidewalks		72,768		72,768		2,031		70,737
Equipment purchase		20,000		20,000		64,200		(44,200)
Safe routes to school	. —	86,200		86,200				86,200
Total capital projects	\$_	4,065,020	- \$ _	4,091,410	.\$_	419,403	\$_	3,672,007
Debt service:								
Principal retirement	\$	125,470	\$	125,470	\$	152,052	\$	(26,582)
Interest and other fiscal charges	_	23,500		23,500		37,997	_	(14,497)
Total debt service	\$_	148,970	-\$_	148,970	٤_	190,049	\$_	(41,079)
Total General Fund	\$_	6,355,728	\$_	6,382,118	\$_	2,221,137	\$_	4,160,981
Special Revenue Fund:								
Pool Fund: Parks and Recreation:								
Swimming Pool	\$	26,400	¢	26,400	ς	43,275	ς	(16,875)
-	· -			<u> </u>	_		_	
Total Pool Fund	\$ =	26,400	= \$ =	26,400	۰>=	43,275	^۵ =	(16,875)
Total Primary Government	\$_	6,382,128	\$	6,408,518	\$_	2,264,412	\$_	4,144,106





ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

TO THE HONORABLE MAYOR AND MEMBERS OF THE TOWN COUNCIL TOWN OF GORDONSVILLE, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Gordonsville, Virginia as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Gordonsville, Virginia's basic financial statements and have issued our report thereon dated September 12, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Gordonsville, 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.

Robuson Faven Cox Associates

Charlottesville, Virginia September 12, 2024