

FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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ONANCOCKSM
— A LITTLE SLICE OF NOWHERE ELSE —

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TOWN OF ONANCOCK, VIRGINIA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

COUNCIL

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Robert Bloxom

Thelma Gillespie

Ray Burger III

Sarah Nock

OFFICIALS

Matt Spuck, Town Manager

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-7
<u>Basic Financial Statements:</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Position	8
Exhibit 2 Statement of Activities	9-10
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	11
Exhibit 4 Statement of Revenues, Expenditures and Changes in Fund Balances— Governmental Funds	12
Exhibit 5 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities—Governmental Funds	13
Exhibit 6 Statement of Net Position—Proprietary Fund	14
Exhibit 7 Schedule of Revenues, Expenses and Changes in Net Position— Proprietary Fund	15
Exhibit 8 Statement of Cash Flows—Proprietary Fund	16
Notes to Financial Statements	17-50
<u>Required Supplementary Information:</u>	
Exhibit 9 Schedule of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual—General Fund	51
Exhibit 10 Schedule of Revenues, Expenditures and Changes in Fund Balance— Budget and Actual—Special Revenue Fund	52
Exhibit 11 Schedule of Changes in Net Pension Liability (Asset) and Related Ratios	53-54
Exhibit 12 Schedule of Employer Contributions - Pension Plan	55
Exhibit 13 Notes to Required Supplementary Information - Pension Plan	56
Exhibit 14 Schedule of Town's Share of Net OPEB Liability - Group Life Insurance Plan	57
Exhibit 15 Schedule of Employer Contributions - Group Life Insurance Plan	58
Exhibit 16 Notes to Required Supplementary Information - Group Life Insurance Plan	59

Table of Contents (Continued)

Page

Other Supplementary Information:

Supporting Schedules:

Schedule 1	Schedule of Revenues—Budget and Actual—General Fund and Special Revenue Fund	60-62
Schedule 2	Schedule of Expenditures—Budget and Actual—General Fund and Special Revenue Fund	63-67

Statistical Information:

Table 1	Changes in Net Position	68-69
Table 2	Changes in Fund Balances—Governmental Funds	70-71
Table 3	Schedule of Legal Debt Margin	72-73
Table 4	Property Tax Levies and Collections	74
Table 5	Assessed Value of Taxable Property	75

Compliance:

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 <i>Government Auditing Standards</i>	76-77
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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Onancock, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Onancock, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 3-7, 51-52, and 53-59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022, on our consideration of the Town of Onancock, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Onancock, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Onancock, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 28, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Town of Onancock, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,400,598 (net position). A majority of this amount, \$11,595,931, is invested in capital assets and is not available to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town reported a General Fund balance of \$2,170,794, an increase of \$943,725 from the prior year. The Town reported a Special Revenue Fund balance of (\$658,672), a decrease of \$658,672 from the prior year.
- The Town's total long-term obligations decreased from \$7,424,927 to \$7,039,709 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

Overview of the Financial Statements: (Continued)

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$13,400,598 at the close of the most recent fiscal year.

Town of Onancock, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,515,885	\$ 1,574,209	\$ 565,599	\$ 504,345	\$ 3,081,484	\$ 2,078,554
Capital assets	2,065,769	1,999,183	16,089,559	16,516,432	18,155,328	18,515,615
Total assets	\$ 4,581,654	\$ 3,573,392	\$ 16,655,158	\$ 17,020,777	\$ 21,236,812	\$ 20,594,169
Deferred outflows of resources	\$ 123,992	\$ 111,701	\$ 64,830	\$ 68,903	\$ 188,822	\$ 180,604
Total assets and deferred outflows of resources	\$ 4,705,646	\$ 3,685,093	\$ 16,719,988	\$ 17,089,680	\$ 21,425,634	\$ 20,774,773
Current liabilities	\$ 745,599	\$ 73,892	\$ 412,709	\$ 486,920	\$ 1,158,308	\$ 560,812
Long-term liabilities	548,373	526,643	6,311,516	6,680,596	6,859,889	7,207,239
Total liabilities	\$ 1,293,972	\$ 600,535	\$ 6,724,225	\$ 7,167,516	\$ 8,018,197	\$ 7,768,051
Deferred inflows of resources	\$ 1,747	\$ 16,409	\$ 6,804	\$ 10,019	\$ 8,551	\$ 26,428
Net position:						
Net investment in capital assets	\$ 2,033,178	\$ 1,941,681	\$ 9,561,040	\$ 9,560,476	\$ 11,594,218	\$ 11,502,157
Unrestricted	(341,133)	1,126,468	(104,150)	351,669	(445,283)	1,478,137
Total net position	\$ 1,692,045	\$ 3,068,149	\$ 9,456,890	\$ 9,912,145	\$ 11,148,935	\$ 12,980,294
Total liabilities, deferred inflows of resources and net position	\$ 2,987,764	\$ 3,685,093	\$ 16,187,919	\$ 17,089,680	\$ 19,175,683	\$ 20,774,773

A large part of the Town's net position, \$11,595,931 reflects its investment in capital assets (e.g., land, buildings and improvements, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Government-wide Financial Analysis: (Continued)

Governmental Activities - Governmental activities increased the Town's net position by \$343,490 and business-type activities increased net position by \$76,814. Key elements of these changes are as follows:

For the Years Ended June 30, 2021 and 2020						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 261,794	\$ 195,987	\$ 1,431,208	\$ 1,269,121	\$ 1,693,002	\$ 1,465,108
Operating grants and contributions	478,420	57,097	-	-	478,420	57,097
Capital grants and contributions	-	-	-	119,986	-	119,986
General revenues:						
General property taxes	585,886	513,967	-	-	585,886	513,967
Other local taxes	451,441	357,037	-	-	451,441	357,037
Other general revenues	180,429	211,681	584	11,909	181,013	223,590
Total revenues	\$ 1,957,970	\$ 1,335,769	\$ 1,431,792	\$ 1,401,016	\$ 3,389,762	\$ 2,736,785
Expenses:						
General government administration	\$ 422,966	\$ 445,193	\$ -	\$ -	\$ 422,966	\$ 445,193
Public safety	379,740	527,376	-	-	379,740	527,376
Public works	652,990	278,067	-	-	652,990	278,067
Parks, recreation, and cultural	254,293	230,244	-	-	254,293	230,244
Interest and other fiscal charges	1,871	3,158	-	-	1,871	3,158
Water and Sewer Fund	-	-	1,259,310	1,481,930	1,259,310	1,481,930
Total expenses	\$ 1,711,860	\$ 1,484,038	\$ 1,259,310	\$ 1,481,930	\$ 2,971,170	\$ 2,965,968
Transfers in (out)	95,668	-	(95,668)	-	-	-
Increase/(decrease) in net position	\$ 341,778	\$ (148,269)	\$ 76,814	\$ (80,914)	\$ 418,592	\$ (229,183)
Net position, beginning	3,068,149	3,216,418	9,912,145	9,993,059	12,980,294	13,209,477
Net position, ending	\$ 3,409,927	\$ 3,068,149	\$ 9,988,959	\$ 9,912,145	\$ 13,398,886	\$ 12,980,294

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year. At June 30, 2021, the Town's fund balances total \$1,512,122, as the balance increased \$285,053 during the fiscal year.

General Fund Budgetary Highlights

The General Fund budget reflected revenues in the amount of \$1,330,832 and expenditures of \$1,271,394 (reference exhibit 9). Actual General Fund revenues totaled \$1,550,002 which was \$219,170 more than the final budget. General Fund expenditures totaled \$1,237,178 and were less than final budget amounts by \$34,216. Overall general revenues exceeded expenditures by \$312,178, reference Exhibit 9.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets (net of related debt) for its governmental activities as of June 30, 2021 totals \$2,065,769 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, infrastructure, and machinery and equipment. The Town's investment in capital assets for the current fiscal year decreased by \$66,586. Net capital assets for the business-type activities decreased by \$426,873.

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

Debt

During the year, the Town decreased its business-type activities obligations by \$412,539. Annual requirements to amortize all long-term debt and related interest and other information relative to the Town's debt can be found in Note 5 to the financial statements.

Contact the Town's Financial Management

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

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business- type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 736,633	\$ -	\$ 736,633
Cash and cash equivalents - restricted	1,717,882	532,069	2,249,951
Receivables (net of allowance for uncollectibles):			
Property taxes	55,631	-	55,631
Accounts receivable	4,739	33,530	38,269
Prepaid items	1,000	-	1,000
Total Current Assets	\$ 2,515,885	\$ 565,599	\$ 3,081,484
Noncurrent Assets:			
Capital assets (net of depreciation):			
Land	\$ 908,494	\$ -	\$ 908,494
Construction in progress	144,829	-	144,829
Buildings and improvements	659,494	3,319,999	3,979,493
Machinery and equipment	42,146	67,360	109,506
Infrastructure	310,806	12,702,200	13,013,006
Total Capital Assets (net of accumulated depreciation)	\$ 2,065,769	\$ 16,089,559	\$ 18,155,328
Total Noncurrent Assets	\$ 2,065,769	\$ 16,089,559	\$ 18,155,328
Total Assets	\$ 4,581,654	\$ 16,655,158	\$ 21,236,812
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 116,630	\$ 60,515	\$ 177,145
OPEB related items	7,362	4,315	11,677
Total Deferred Outflows of Resources	\$ 123,992	\$ 64,830	\$ 188,822
Total Assets and Deferred Outflows of Resources	\$ 4,705,646	\$ 16,719,988	\$ 21,425,634
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 81,944	\$ 15,389	\$ 97,333
Accrued interest payable	-	7,366	7,366
Unearned revenue - current portion	635,066	4,111	639,177
Current portion of long-term obligations	28,589	385,843	414,432
Total Current Liabilities	\$ 745,599	\$ 412,709	\$ 1,158,308
Noncurrent Liabilities:			
Unearned revenue - long-term portion	\$ 232,900	\$ -	\$ 232,900
Noncurrent portion of long-term obligations	315,473	6,311,516	6,626,989
Total Noncurrent Liabilities	\$ 548,373	\$ 6,311,516	\$ 6,859,889
Total Liabilities	\$ 1,293,972	\$ 6,724,225	\$ 8,018,197
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 100	\$ 5,805	\$ 5,905
OPEB related items	1,647	999	2,646
Total Deferred Inflows of Resources	\$ 1,747	\$ 6,804	\$ 8,551
NET POSITION			
Net investment in capital assets	\$ 2,033,178	\$ 9,561,040	\$ 11,594,218
Restricted for debt service	1,717,882	532,069	2,249,951
Unrestricted	(341,133)	(104,150)	(445,283)
Total Net Position	\$ 3,409,927	\$ 9,988,959	\$ 13,398,886
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,705,646	\$ 16,719,988	\$ 21,425,634

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government administration	\$ 422,966	\$ 1,700	\$ -	\$ -
Public safety	379,740	8,290	65,934	-
Public works	652,990	53,340	383,380	-
Parks, recreation and cultural	254,293	198,464	29,106	-
Interest and other fiscal charges	1,871	-	-	-
Total governmental activities	\$ 1,711,860	\$ 261,794	\$ 478,420	\$ -
Business-type activities:				
Water and Sewer	1,259,310	1,431,208	-	-
Total primary government	\$ 2,971,170	\$ 1,693,002	\$ 478,420	\$ -

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

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business- type Activities	Total
Governmental activities:			
General government administration	\$ (421,266)	\$ -	\$ (421,266)
Public safety	(305,516)	-	(305,516)
Public works	(216,270)	-	(216,270)
Parks, recreation and cultural	(26,723)	-	(26,723)
Interest and other fiscal charges	(1,871)	-	(1,871)
Total governmental activities	\$ (971,646)	\$ -	\$ (971,646)
Business-type activities:			
Water and Sewer	-	171,898	171,898
Total primary government	\$ (971,646)	\$ 171,898	\$ (799,748)
General revenues and transfers:			
General property taxes	\$ 585,886	\$ -	\$ 585,886
Local sales and use taxes	89,367	-	89,367
Consumers utility taxes	55,696	-	55,696
Meals taxes	196,319	-	196,319
Business license taxes	35,768	-	35,768
Bank franchise taxes	48,262	-	48,262
Other local taxes	26,029	-	26,029
Unrestricted revenues from use of money and property	19,327	584	19,911
Grants and contributions not restricted to specific programs	130,406	-	130,406
Miscellaneous	30,696	-	30,696
Transfers	95,668	(95,668)	-
Total general revenues and transfers	\$ 1,313,424	\$ (95,084)	\$ 1,218,340
Change in net position	\$ 341,778	\$ 76,814	\$ 418,592
Net position - beginning	3,068,149	9,912,145	12,980,294
Net position - ending	\$ 3,409,927	\$ 9,988,959	\$ 13,398,886

Fund Financial Statements

Balance Sheet - Governmental Funds
June 30, 2021

	General Fund	Special Revenue Fund	General Fund
ASSETS			
Cash and cash equivalents	\$ 108,417	\$ 628,216	\$ 736,633
Cash and cash equivalents - restricted	1,717,882	-	1,717,882
Receivables (Net of allowance for uncollectibles):			
Taxes, including penalties	55,631	-	55,631
Accounts receivable	4,739	-	4,739
Prepaid items	1,000	-	1,000
Total assets	<u>\$ 1,887,669</u>	<u>\$ 628,216</u>	<u>\$ 2,515,885</u>
LIABILITIES			
Accounts payable	\$ 51,488	\$ 30,456	\$ 81,944
Unearned revenue	239,750	628,216	867,966
Total liabilities	<u>\$ 291,238</u>	<u>\$ 658,672</u>	<u>\$ 949,910</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>\$ 53,853</u>	<u>\$ -</u>	<u>\$ 53,853</u>
FUND BALANCES			
Nonspendable:			
Prepaid items	\$ 1,000	\$ -	\$ 1,000
Restricted:			
Debt service	1,717,882	-	1,717,882
Unassigned	(176,304)	(30,456)	(206,760)
Total fund balances	<u>\$ 1,542,578</u>	<u>\$ (30,456)</u>	<u>\$ 1,512,122</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,887,669</u>	<u>\$ 628,216</u>	<u>\$ 2,515,885</u>
Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balances for governmental funds (see above)			\$ 1,512,122
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Land		\$ 908,494	
Construction in progress		144,829	
Buildings and improvements		659,494	
Machinery and equipment		42,146	
Infrastructure		<u>310,806</u>	2,065,769
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds			
Unavailable revenue - property taxes			53,853
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Pension related items		\$ 116,630	
OPEB related items		<u>7,362</u>	123,992
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Notes payable		\$ (32,591)	
Compensated absences		(27,373)	
Net pension liability		(251,886)	
Net OPEB liability		<u>(32,212)</u>	(344,062)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items		\$ (100)	
OPEB related items		<u>(1,647)</u>	(1,747)
Total net position of government activities			<u>\$ 3,409,927</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Total
Revenues:			
General property taxes	\$ 593,668	\$ -	\$ 593,668
Other local taxes	451,441	-	451,441
Permits, privilege fees and regulatory licenses	1,700	-	1,700
Fines and forfeitures	8,290	-	8,290
Revenue from use of money and property	19,327	-	19,327
Charges for services	251,804	-	251,804
Miscellaneous	30,696	-	30,696
Intergovernmental:			
Commonwealth	193,076	6,766	199,842
Federal	-	408,984	408,984
Total revenues	\$ 1,550,002	\$ 415,750	\$ 1,965,752
Expenditures:			
Current:			
General government administration	\$ 393,543	\$ -	\$ 393,543
Public safety	365,747	-	365,747
Public works	243,245	369,378	612,623
Parks, recreation and cultural	206,411	169,811	376,222
Nondepartmental	1,450	-	1,450
Debt service:			
Principal retirement	24,911	-	24,911
Interest and other fiscal charges	1,871	-	1,871
Total expenditures	\$ 1,237,178	\$ 539,189	\$ 1,776,367
Excess (deficiency) of revenues over (under) expenditures	\$ 312,824	\$ (123,439)	\$ 189,385
Other financing sources (uses):			
Transfers in	\$ 699,826	\$ 628,216	\$ 1,328,042
Transfers out	(697,141)	(535,233)	(1,232,374)
Total other financing sources (uses)	\$ 2,685	\$ 92,983	\$ 95,668
Net change in fund balances	\$ 315,509	\$ (30,456)	\$ 285,053
Fund balances, at beginning of year	1,227,069	-	1,227,069
Fund balances, at end of year	\$ 1,542,578	\$ (30,456)	\$ 1,512,122

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

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
to the Statement of Activities - Governmental Funds
Year Ended June 30, 2021

		<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balances - total governmental funds	\$	285,053
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 capital outlays exceeded depreciation in the current period.		
Capital outlay	\$ 154,529	
Depreciation expense	<u>(87,943)</u>	66,586
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(7,781)
The issuance of long-term debt (e.g. bonds, leases) provided current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governments funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and relate items.		
Principal repayments		24,911
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences	\$ 5,706	
Pension expense	(34,328)	
OPEB expense	<u>1,631</u>	<u>(26,991)</u>
Change in net position of governmental activities	\$	<u>341,778</u>

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

Statement of Net Position
Proprietary Fund
June 30, 2021

	Enterprise Fund Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents - restricted debt service	\$ 532,069
Accounts receivable, net of allowance for uncollectibles	33,530
Total current assets	\$ <u>565,599</u>
Noncurrent assets:	
Capital assets (net of accumulated depreciation):	
Buildings and improvements	\$ 3,319,999
Machinery and equipment	67,360
Infrastructure	12,702,200
Total capital assets (net of accumulated depreciation)	\$ <u>16,089,559</u>
Total noncurrent assets	\$ <u>16,089,559</u>
Total assets	\$ <u>16,655,158</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pension related items	\$ 60,515
OPEB related items	4,315
Total deferred outflows of resources	\$ <u>64,830</u>
Total assets and deferred outflows of resources	\$ <u><u>16,719,988</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 15,389
Accrued interest payable	7,366
Unearned revenue	4,111
Bonds - current portion	384,569
Compensated absences - current portion	1,274
Total current liabilities	\$ <u>412,709</u>
Noncurrent liabilities:	
Bonds - net of current portion	\$ 6,143,950
Compensated absences - net of current portion	11,463
Net pension liability	136,581
Net OPEB liability	19,522
Total noncurrent liabilities	\$ <u>6,311,516</u>
Total liabilities	\$ <u>6,724,225</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 5,805
OPEB related items	999
Total deferred inflows of resources	\$ <u>6,804</u>
NET POSITION	
Net investment in capital assets	\$ 9,561,040
Restricted for debt service	532,069
Unrestricted	(104,150)
Total net position	\$ <u>9,988,959</u>
Total liabilities, deferred inflows of resources and net position	\$ <u><u>16,719,988</u></u>

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

Statement of Revenues, Expenses and Change in Net Position
 Proprietary Fund
 Year Ended June 30, 2021

	Enterprise Fund Water and Sewer Fund
Operating revenues:	
Charges for water services	\$ 394,911
Charges for sewer services	1,014,068
Penalties	19,615
Miscellaneous	2,614
Total operating revenues	<u>\$ 1,431,208</u>
Operating expenses:	
Water:	
Personnel services	\$ 75,275
Benefits	40,845
Contractual services	21,104
Other charges	57,196
Total water operating expenses	<u>\$ 194,420</u>
Sewer:	
Personnel services	\$ 174,556
Benefits	92,660
Contractual services	101,371
Other charges	106,973
Total sewer operating expenses	<u>\$ 475,560</u>
Other operating expenses:	
Depreciation	\$ 490,127
Total other operating expenses	<u>\$ 490,127</u>
Total operating expenses	<u>\$ 1,160,107</u>
Net operating income (loss)	<u>\$ 271,101</u>
Nonoperating revenues (expenses):	
Interest income	\$ 584
Interest expense	(93,532)
Loss on disposal of capital asset	(5,671)
Total nonoperating revenues (expenses)	<u>\$ (98,619)</u>
Income (loss) before transfers	<u>\$ 172,482</u>
Transfers in	\$ 68,925
Transfers out	(164,593)
Change in net position	<u>\$ 76,814</u>
Net position - beginning	<u>\$ 9,912,145</u>
Net position - ending	<u><u>\$ 9,988,959</u></u>

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

Statement of Cash Flows
 Proprietary Fund
 Year Ended June 30, 2021

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:	
Receipts from customers and users	\$ 1,409,246
Payments to employees (including fringe benefits)	(367,580)
Payments for operating activities	<u>(559,210)</u>
Net cash provided by (used for) operating activities	\$ <u>482,456</u>
Cash flows from noncapital financing activities:	
Transfers	\$ <u>(95,668)</u>
Net cash provided by (used for) noncapital financing activities	\$ <u>(95,668)</u>
Cash flows from capital and related financing activities:	
Retirement of indebtedness	\$ (427,437)
Purchase of capital assets	(68,925)
Interest expense	<u>(93,679)</u>
Net cash provided by (used for) capital and related financing activities	\$ <u>(590,041)</u>
Cash flows from investing activities:	
Interest income	\$ <u>584</u>
Increase (decrease) in cash and cash equivalents	\$ (202,669)
Cash and cash equivalents at beginning of year (includes restricted)	<u>734,738</u>
Cash and cash equivalents at end of year (includes restricted)	\$ <u><u>532,069</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 271,101
Adjustments to reconcile operating income (loss) to net cash provided provided by (used for) operating activities:	
Depreciation	490,127
Changes in operating activities:	
(Increase) decrease in accounts receivable	(15,167)
(Increase) decrease in deferred outflows of resources	4,073
Increase (decrease) in accounts payable	(23,810)
Increase (decrease) in due to other funds	(248,756)
Increase (decrease) in unearned revenue	(6,795)
Increase (decrease) in compensated absences	(5,910)
Increase (decrease) in net pension liability	19,619
Increase (decrease) in net OPEB liability	1,189
Increase (decrease) in deferred inflows of resources	<u>(3,215)</u>
Net cash provided by (used for) operating activities	\$ <u><u>482,456</u></u>

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

Financial Statement Presentation

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

Government-wide and Fund Financial Statements

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

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

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

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

Financial Statement Presentation: (Continued)

Statement of Activities (Continued)

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.

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

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

A. Financial Reporting Entity

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

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

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

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

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

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

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

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

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

1. Governmental Funds

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

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

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are reserved or committed to expenditures for a specified purpose, other than primary operations of the Town. The Special Revenue Fund is considered a major fund for reporting purposes.

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

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

2. Proprietary Funds

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

Enterprise Funds

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

C. Budgets and Budgetary Accounting

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

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

D. Cash and Cash Equivalents

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

E. Prepaid Items

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

F. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. At June 30, 2021, the allowance for uncollectible general property taxes totaled \$52,654 and \$41,436 for water and sewer receivables.

G. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was zero interest attributable to capitalized assets at June 30, 2021.

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

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

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

H. Compensated Absences

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

I. Use of Estimates

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

J. Long-Term Obligations

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

K. Fund Balance

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

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

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

K. Fund Balance: (Continued)

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

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

L. Net Position

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

M. Net Position Flow Assumption

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

N. Deferred Outflows/Inflows of Resources

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

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

N. Deferred Outflows/Inflows of Resources: (Continued)

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

O. Pensions

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

P. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

NOTE 2—PROPERTY TAXES RECEIVABLE:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 3—DEPOSITS:

Deposits

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

Investments

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

Credit Risk of Debt Securities

The Town's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale.

Town's Rated Debt Investment's Value			
Rated Debt Investments	Fair Quality Ratings		
	AAAm	AA+f/S1	
Virginia Investment Pool - Stable NAV Liquidity	\$ 1,693,956	\$	-
Virginia Investment Pool - 1-3 Year High Quality Bond Fund	-		1,184,210
Total	\$ 1,693,956		1,184,210

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Virginia Investment Pool	\$ 2,878,166	\$ 1,693,956	\$ 1,184,210
Total	\$ 2,878,166	\$ 1,693,956	\$ 1,184,210

Fair Value Measurements and Redemption Restrictions

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 3—DEPOSITS: (CONTINUED)

Restricted Cash

The Town has the following restricted cash at June 30, 2021:

	Governmental Activities	Business-type Activities	
	General Fund	Water and Sewer Fund	Total
Restricted:			
Debt Service	\$ 1,717,882	\$ 532,069	\$ 2,249,951

NOTE 4—CAPITAL ASSETS:

The following is a summary of changes of governmental activities capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 908,494	\$ -	\$ -	\$ 908,494
Construction in progress	-	144,829	-	144,829
Total capital assets not being depreciated	\$ 908,494	\$ 144,829	\$ -	\$ 1,053,323
Capital assets being depreciated:				
Buildings and improvements	\$ 1,123,031	\$ 253,091	\$ -	\$ 1,376,122
Machinery and equipment	636,136	9,700	145,418	500,418
Infrastructure	1,654,851	-	253,091	1,401,760
Total capital assets being depreciated	\$ 3,414,018	\$ 262,791	\$ 398,509	\$ 3,278,300
Accumulated depreciation:				
Buildings and improvements	\$ 684,979	\$ 31,649	\$ -	\$ 716,628
Machinery and equipment	582,440	21,250	145,418	458,272
Infrastructure	1,055,910	35,044	-	1,090,954
Total accumulated depreciation	\$ 2,323,329	\$ 87,943	\$ 145,418	\$ 2,265,854
Total capital assets being depreciated, net	\$ 1,090,689	\$ 174,848	\$ 253,091	\$ 1,012,446
Net capital assets	\$ 1,999,183	\$ 319,677	\$ 253,091	\$ 2,065,769

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 4—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes of business-type activities capital assets for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Business-type Activities:				
Capital assets being depreciated:				
Buildings and improvements	\$ 5,284,540	\$ 28,929	\$ -	\$ 5,313,469
Machinery and equipment	2,025,090	39,996	-	2,065,086
Infrastructure	16,138,995	-	14,177	16,124,818
Total capital assets being depreciated	\$ 23,448,625	\$ 68,925	\$ 14,177	\$ 23,503,373
Accumulated depreciation:				
Buildings and improvements	\$ 1,860,215	\$ 133,255	\$ -	\$ 1,993,470
Machinery and equipment	1,989,147	17,085	8,506	1,997,726
Infrastructure	3,082,831	339,787	-	3,422,618
Total accumulated depreciation	\$ 6,932,193	\$ 490,127	\$ 8,506	\$ 7,413,814
Total capital assets being depreciated, net	\$ 16,516,432	\$ (421,202)	\$ 5,671	\$ 16,089,559
Net capital assets	\$ 16,516,432	\$ (421,202)	\$ 5,671	\$ 16,089,559

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 15,900
Public safety	6,095
Public works	36,244
Parks, recreation, and cultural	29,704
Total governmental activities	\$ 87,943

Business-type activities:

Water and sewer	\$ 490,127
Total business-type activities	\$ 490,127

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Town for the fiscal year ended June 30, 2021:

	<u>Balance July 1, 2020</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Direct borrowings and direct placements:					
Notes payable	\$ 57,502	\$ -	\$ 24,911	\$ 32,591	\$ 25,852
Compensated absences	33,079	910	6,616	27,373	2,737
Net pension liability	192,987	172,062	113,163	251,886	-
Net OPEB liability	31,461	9,112	8,361	32,212	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	\$ 315,029	\$ 182,084	\$ 153,051	\$ 344,062	\$ 28,589
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type Activities					
Direct borrowings and direct placements:					
General obligation bonds	\$ 6,955,956	\$ -	\$ 427,437	\$ 6,528,519	\$ 384,569
Compensated absences	18,647	3,729	9,639	12,737	1,274
Net pension liability	116,962	88,967	69,348	136,581	-
Net OPEB liability	18,333	5,979	4,790	19,522	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Business-type Activities	\$ 7,109,898	\$ 98,675	\$ 511,214	\$ 6,697,359	\$ 385,843
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Direct Borrowings and Direct Placements			
	Notes Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 25,852	\$ 929	\$ 384,569	\$ 91,507
2023	6,739	74	386,772	89,304
2024	-	-	389,048	87,028
2025	-	-	391,400	84,676
2026	-	-	393,831	82,245
2027	-	-	396,342	79,733
2028	-	-	398,939	77,137
2029	-	-	401,622	74,454
2030	-	-	404,396	71,680
2031	-	-	191,143	68,814
2032	-	-	194,106	65,850
2033	-	-	197,170	62,787
2034	-	-	200,336	59,620
2035	-	-	203,610	56,347
2036	-	-	206,995	52,962
2037	-	-	210,495	49,462
2038	-	-	208,000	45,844
2039	-	-	118,218	42,102
2040	-	-	122,087	38,233
2041	-	-	126,088	34,232
2042	-	-	130,226	30,094
2043	-	-	134,505	25,815
2044	-	-	138,931	21,389
2045	-	-	143,508	16,812
2046	-	-	148,243	12,077
2047	-	-	137,319	7,187
2048	-	-	98,280	3,685
2049	-	-	72,340	976
Total	\$ 32,591	\$ 1,003	\$ 6,528,519	\$ 1,432,052

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 5—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations at June 30, 2021 are as follows:

Governmental Activities Obligations:

Direct Borrowings and Direct Placements:

Notes Payable:

Note payable, BB&T, payable in monthly installments of \$2,232 through October 2022, interest at 4.050%	\$	32,591
Total Notes Payable	\$	32,591

Compensated Absences		27,373
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Net Pension Liability		251,886
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Net OPEB Liability		32,212
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Total Governmental Activities Obligations	\$	344,062
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Business-type Activities Obligations:

Direct Borrowings and Direct Placements:

General Obligation Bonds:

\$1,070,000 USDA Rural Development General Obligation Bond issued February 1, 2007, payable in quarterly installments of \$13,975 through February 2047, interest at 4.125%	\$	883,733
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\$47,000 USDA Rural Development General Obligation Water Bond issued dated April 25, 2006, payable in quarterly installments of \$614 through October 2046, interest at 4.125%		38,809
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\$2,989,099 Virginia Resources Authority General Obligation Bond issued September 1, 2008, payable in semi-annual installments of \$49,818 through March 2038, interest at 0.00%		1,687,710
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\$5,032,725 Virginia Resources Authority General Obligation Bond issued September 1, 2009 payable in semi-annual installments of \$125,818 through March 2030, interest at 0.00%		1,945,075
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\$2,398,000 USDA Rural Development General Obligation Bonds, issued March 27, 2009, payable in quarterly installments of \$25,491 beginning June 27, 2011 through March 2049, interest at 2.75%		1,973,192
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Total General Obligation Bonds	\$	6,528,519
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Compensated Absences		12,737
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Net Pension Liability		136,581
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Net OPEB Liability		19,522
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Total Business-type Activities Obligations	\$	6,697,359
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TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 6—UNEARNED/UNAVAILABLE REVENUE:

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

Unavailable Property Tax Revenue - Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$53,853 at June 30, 2021.

Unearned Revenue Governmental Funds - The Town has received a payment in the amount of \$274,000 for use of a water tower for 40 years. The Town also received a payment of \$628,216 from the American Rescue Plan Act (ARPA) Grant, which had not yet been spent as of year-end. At June 30, 2021, the current portion of unearned revenue is \$635,066 and the long-term portion is \$232,900.

Unearned Revenue Proprietary Funds - The Town has received funds from the state and federal government to aid in funding for the wastewater treatment plant. The Town has also received prepayments on customer accounts. These amounts total \$4,111 at June 30, 2021.

NOTE 7—PENSION PLAN:

Plan Description

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

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.

NOTE 7—PENSION PLAN: (CONTINUED)

Benefit Structures: (Continued)

- 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.
- 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 equal 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

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

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Primary Government</u>
Inactive members or their beneficiaries currently receiving benefits	15
Inactive members:	
Vested inactive members	2
Non-vested inactive members	8
Inactive members active elsewhere in VRS	<u>5</u>
Total inactive members	15
Active members	<u>15</u>
Total covered employees	<u><u>45</u></u>

Contributions

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

The Town's contractually required employer contribution rate for the year ended June 30, 2021 was 13.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$84,809 and \$98,394 for the years ended June 30, 2021 and June 30, 2020, respectively.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability less that employer's fiduciary net position. The Town's net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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, 2019, 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, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees: (Continued)

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

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

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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—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, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2018	\$ 2,518,751	\$ 2,208,802	\$ 309,949
Changes for the year:			
Service cost	\$ 85,510	\$ -	\$ 85,510
Interest	166,082	-	166,082
Differences between expected and actual experience	(251)	-	(251)
Contributions - employer	-	98,393	(98,393)
Contributions - employee	-	32,313	(32,313)
Net investment income	-	43,567	(43,567)
Benefit payments, including refunds	(116,544)	(116,544)	-
Administrative expenses	-	(1,399)	1,399
Other changes	-	(51)	51
Net changes	\$ 134,797	\$ 56,279	\$ 78,518
Balances at June 30, 2019	\$ 2,653,548	\$ 2,265,081	\$ 388,467

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability (Asset)	\$ 739,714	\$ 388,468	\$ 97,500

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

For the year ended June 30, 2021, the Town recognized pension expense of \$140,941. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,676	\$ 154
Change in assumptions	14,400	-
Net difference between projected and actual earnings on pension plan investments	66,509	-
Change in proportionate share	5,751	5,751
Employer contributions subsequent to the measurement date	84,809	-
Total	\$ 177,145	\$ 5,905

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 7—PENSION PLAN: (CONTINUED)

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

\$84,809 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>
2022	\$ 22,563
2023	20,501
2024	22,174
2025	21,192
2026	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

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

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

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

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the Plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

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, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$3,491 and \$3,321 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the entity reported a liability of \$51,734 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the participating employer's proportion was 0.00310% as compared to 0.00306% at June 30, 2019.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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

For the year ended June 30, 2021, the participating employer recognized GLI OPEB expense of \$1,726. 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, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,318	\$ 464
Net difference between projected and actual earnings on GLI OPEB program investments	1,554	-
Change in assumptions	2,587	1,080
Changes in proportion	727	1,102
Employer contributions subsequent to the measurement date	3,491	-
Total	<u>\$ 11,677</u>	<u>\$ 2,646</u>

\$3,491 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government
2022	\$ 532
2023	971
2024	1,617
2025	1,838
2026	532
Thereafter	50

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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*

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the Plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$	1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, 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

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 8—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate: (Continued)

Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 68,008	\$ 51,734	\$ 38,518

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 9—CONTINGENT LIABILITIES:

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

At June 30, 2021, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decision or pending matter not be favorable to the Town.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 10—SURETY BONDS:

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

NOTE 11—RISK MANAGEMENT:

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

NOTE 12—UPCOMING PRONOUNCEMENTS:

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

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

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

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

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 12—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84*, and a Supersession of GASB Statement. No 32, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

NOTE 13—SUBSEQUENT EVENT - COVID-19 PANDEMIC:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 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 2022.

Cares Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The Town received total CRF funding of \$212,666. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. There were no unspent CRF funds as of June 30.

TOWN OF ONANCOCK, VIRGINIA

Notes to Financial Statements
June 30, 2021 (Continued)

NOTE 13—SUBSEQUENT EVENT - COVID-19 PANDEMIC:

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.

In June of 2021, the Town received its share of the first half of the CSLFRF funds. 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 \$628,216 from the initial allocation are reported as unearned revenue as of June 30.

NOTE 14—SUBSEQUENT EVENT - TRANSFER OF WASTEWATER FACILITIES:

In January of 2022, the Town signed an agreement with the Hampton Roads Sanitation District (HRSD) for the transfer of the Onancock Wastewater Treatment Plant to HRSD. Under the terms of the agreement, the ownership of all capital assets and related depreciation associated with the wastewater plant, which are currently shown in the Water and Sewer Fund of the financial statements, shall pass to HRSD, as well as all debt obligations associated with the wastewater plant. Upon the transfer of ownership, HRSD shall be responsible for the operations and maintenance of the wastewater plant and will bill the Town monthly for wastewater services provided to Town residents, while the Town will continue to bill and collect payments for wastewater services.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - General Fund
 Year Ended June 30, 2021

	General Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
General property taxes	\$ 580,078	\$ 580,078	\$ 593,668	\$ 13,590
Other local taxes	289,000	289,000	451,441	162,441
Permits, privilege fees and regulatory licenses	1,100	1,100	1,700	600
Fines and forfeitures	8,000	8,000	8,290	290
Revenue from use of money and property	27,500	27,500	19,327	(8,173)
Charges for services	219,575	219,575	251,804	32,229
Miscellaneous	8,500	8,500	30,696	22,196
Intergovernmental:				
Commonwealth	407,939	197,079	193,076	(4,003)
Total revenues	\$ 1,541,692	\$ 1,330,832	\$ 1,550,002	\$ 219,170
Expenditures:				
Current:				
General government administration	\$ 422,590	\$ 422,590	\$ 393,543	\$ 29,047
Public safety	376,227	376,227	365,747	10,480
Public works	250,386	250,386	243,245	7,141
Parks, recreation and cultural	445,707	175,409	206,411	(31,002)
Nondepartmental	20,000	20,000	1,450	18,550
Debt service:				
Principal retirement	24,911	24,911	24,911	-
Interest and other fiscal charges	1,871	1,871	1,871	-
Total expenditures	\$ 1,541,692	\$ 1,271,394	\$ 1,237,178	\$ 34,216
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 59,438	\$ 312,824	\$ 253,386
Other financing sources (uses):				
Tranfers in	\$ -	\$ -	\$ 699,826	\$ 699,826
Tranfers out	-	-	(697,141)	(697,141)
Total other financing sources (uses)	\$ -	\$ -	\$ 2,685	\$ 2,685
Changes in fund balance	\$ -	\$ 59,438	\$ 315,509	\$ 256,071
Fund balance at beginning of year	-	(59,438)	1,227,069	1,286,507
Fund balance at end of year	\$ -	\$ -	\$ 1,542,578	\$ 1,542,578

Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual - Special Revenue Fund
 Year Ended June 30, 2021

	Special Revenue Fund			Variance From Amended Budget Positive (Negative)
	Original Budget	Budget As Amended	Actual	
Revenues:				
Intergovernmental:				
Commonwealth	\$ -	\$ 4,400	\$ 6,766	\$ 2,366
Federal	-	206,460	408,984	202,524
Total revenues	\$ -	\$ 210,860	\$ 415,750	\$ 204,890
Expenditures:				
Current:				
Public works	\$ -	\$ -	\$ 369,378	\$ (369,378)
Parks, recreation and cultural	-	270,298	169,811	100,487
Total expenditures	\$ -	\$ 270,298	\$ 539,189	\$ (268,891)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (59,438)	\$ (123,439)	\$ (64,001)
Other financing sources (uses):				
Transfers in	\$ -	\$ -	\$ 628,216	\$ 628,216
Transfers out	\$ -	\$ -	\$ (535,233)	\$ (535,233)
Total other financing sources (uses)	\$ -	\$ -	\$ 92,983	\$ 92,983
Changes in fund balance	\$ -	\$ (59,438)	\$ (30,456)	\$ 28,982
Fund balance at beginning of year	-	59,438	-	(59,438)
Fund balance at end of year	\$ -	\$ -	\$ (30,456)	\$ (30,456)

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019	2018	2017
Total pension liability				
Service cost	\$ 85,510	\$ 77,864	\$ 55,828	\$ 58,400
Interest	166,082	143,253	136,229	106,142
Changes of benefit terms	-	193,358	-	-
Differences between expected and actual experience	(251)	29,830	3,343	373,386
Changes in assumptions	-	75,672	-	(27,872)
Benefit payments, including refunds of employee contributions	(116,544)	(95,398)	(94,717)	(65,775)
Net change in total pension liability	\$ 134,797	\$ 424,579	\$ 100,683	\$ 444,281
Total pension liability - beginning	2,518,751	2,094,172	1,993,489	1,549,208
Total pension liability - ending (a)	\$ 2,653,548	\$ 2,518,751	\$ 2,094,172	\$ 1,993,489
Plan fiduciary net position				
Contributions - employer	\$ 98,393	\$ 92,621	\$ 62,978	\$ 28,585
Contributions - employee	32,313	28,833	27,687	27,283
Net investment income	43,567	139,097	141,513	209,248
Benefit payments, including refunds of employee contributions	(116,544)	(95,398)	(94,717)	(65,775)
Administrative expense	(1,399)	(1,310)	(1,201)	(1,195)
Other	(51)	(87)	(127)	(187)
Net change in plan fiduciary net position	\$ 56,279	\$ 163,756	\$ 136,133	\$ 197,959
Plan fiduciary net position - beginning	2,208,802	2,045,046	1,908,913	1,710,954
Plan fiduciary net position - ending (b)	\$ 2,265,081	\$ 2,208,802	\$ 2,045,046	\$ 1,908,913
Town's net pension liability (asset) - ending (a) - (b)	\$ 388,467	\$ 309,949	\$ 49,126	\$ 84,576
Plan fiduciary net position as a percentage of the total pension liability	85.36%	87.69%	97.65%	95.76%
Covered payroll	\$ 638,697	\$ 600,509	\$ 578,066	\$ 575,774
Town's net pension liability (asset) as a percentage of covered payroll	60.82%	51.61%	8.50%	14.69%

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
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2016	2015	2014
Total pension liability			
Service cost	\$ 75,604	\$ 73,146	\$ 72,307
Interest	97,981	88,362	79,678
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(10,015)	1,712	-
Changes in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(28,177)	(23,434)	(32,429)
Net change in total pension liability	\$ 135,393	\$ 139,786	\$ 119,556
Total pension liability - beginning	1,413,815	1,274,029	1,154,473
Total pension liability - ending (a)	\$ 1,549,208	\$ 1,413,815	\$ 1,274,029
Plan fiduciary net position			
Contributions - employer	\$ 33,814	\$ 35,147	\$ 32,602
Contributions - employee	27,980	29,093	29,051
Net investment income	30,323	72,129	208,152
Benefit payments, including refunds of employee contributions	(28,177)	(23,434)	(32,429)
Administrative expense	(1,001)	(932)	(1,086)
Other	(13)	(17)	11
Net change in plan fiduciary net position	\$ 62,926	\$ 111,986	\$ 236,301
Plan fiduciary net position - beginning	1,648,028	1,536,042	1,299,741
Plan fiduciary net position - ending (b)	\$ 1,710,954	\$ 1,648,028	\$ 1,536,042
Town's net pension liability (asset) - ending (a) - (b)	\$ (161,746)	\$ (234,213)	\$ (262,013)
Plan fiduciary net position as a percentage of the total pension liability	110.44%	116.57%	120.57%
Covered payroll	\$ 571,914	\$ 593,511	\$ 582,194
Town's net pension liability (asset) as a percentage of covered payroll	-28.28%	-39.46%	-45.00%

Schedule of Employer Contributions - Pension Plan
 Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2021	\$ 84,809	\$ 84,809	\$ -	\$ 646,543	13.12%
2020	98,394	98,394	-	638,697	15.41%
2019	92,621	92,621	-	600,509	15.42%
2018	62,954	62,954	-	578,066	10.89%
2017	30,458	30,458	-	575,774	5.29%
2016	34,429	34,429	-	571,914	6.02%
2015	35,729	35,729	-	593,511	6.02%
2014	32,661	32,661	-	582,194	5.61%
2013	32,783	32,783	-	584,360	5.61%
2012	21,448	21,448	-	524,413	4.09%

Notes to Required Supplementary Information - Pension Plan
Year Ended June 30, 2021

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

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

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

All Others (Non 10 Largest) - Hazardous Duty:

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

Schedule of Town's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through June 30, 2020

<u>Date</u>	<u>Employer's Proportion of the Net GLI OPEB Liability</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
Primary Government:					
2020	0.0031%	\$ 51,734	\$ 638,697	8.10%	52.64%
2019	0.0031%	49,794	600,509	8.29%	52.00%
2018	0.0030%	47,000	578,066	8.13%	51.22%
2017	0.0031%	47,000	575,774	8.16%	48.86%

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

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government					
2021	\$ 3,491	\$ 3,491	-	\$ 646,543	0.54%
2020	3,321	3,321	-	638,697	0.52%
2019	3,123	3,123	-	600,509	0.52%
2018	3,006	3,006	-	578,066	0.52%
2017	2,994	2,994	-	575,774	0.52%
2016	2,880	2,880	-	599,914	0.48%
2015	2,849	2,849	-	593,511	0.48%
2014	2,795	2,795	-	582,194	0.48%
2013	2,805	2,805	-	584,360	0.48%
2012	1,468	1,468	-	524,413	0.28%

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2021

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Other Supplementary Information

Supporting Schedules

General Fund and Special Revenue Fund
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 423,626	\$ 423,626	\$ 403,391	\$ (20,235)
Public service corporation taxes	17,500	17,500	17,593	93
Personal property taxes	125,452	125,452	150,787	25,335
Penalties and interest	13,500	13,500	21,897	8,397
Total general property taxes	\$ 580,078	\$ 580,078	\$ 593,668	\$ 13,590
Other local taxes:				
Local sales and use taxes	\$ 52,500	\$ 52,500	\$ 89,367	\$ 36,867
Consumers' utility taxes	55,000	55,000	55,696	696
Business license taxes	25,000	25,000	35,768	10,768
Motor vehicle licenses	16,000	16,000	5,213	(10,787)
Bank franchise tax	27,500	27,500	48,262	20,762
Transient occupancy tax	13,000	13,000	20,816	7,816
Meals taxes	100,000	100,000	196,319	96,319
Total other local taxes	\$ 289,000	\$ 289,000	\$ 451,441	\$ 162,441
Permits, privilege fees and regulatory licenses:				
Zoning fees	\$ 1,100	\$ 1,100	\$ 1,700	\$ 600
Fines and Forfeitures:				
Court fines and forfeitures	\$ 8,000	\$ 8,000	\$ 8,290	\$ 290
Revenue from use of money and property:				
Revenue from use of money	\$ 15,000	\$ 15,000	\$ 237	\$ (14,763)
Revenue from use of property	12,500	12,500	19,090	6,590
Total revenue from use of money and property	\$ 27,500	\$ 27,500	\$ 19,327	\$ (8,173)
Charges for services:				
Boat dockage and ramp fees	\$ 34,825	\$ 34,825	\$ 76,227	\$ 41,402
Wharf - fuel sales	86,250	86,250	108,700	22,450
Wharf - general	4,500	4,500	2,933	(1,567)
Wharf - electric	3,600	3,600	10,604	7,004
Trash collections	90,000	90,000	53,340	(36,660)
Grass cutting	400	400	-	(400)
Total charges for services	\$ 219,575	\$ 219,575	\$ 251,804	\$ 32,229

General Fund and Special Revenue Fund
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 8,500	\$ 8,500	\$ 30,696	\$ 22,196
Total miscellaneous	\$ 8,500	\$ 8,500	\$ 30,696	\$ 22,196
Total revenue from local sources	\$ 1,133,753	\$ 1,133,753	\$ 1,356,926	\$ 223,173
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ 82,000	\$ 82,000	\$ 74,358	\$ (7,642)
PPTRA	56,048	56,048	56,048	-
Total noncategorical aid	\$ 138,048	\$ 138,048	\$ 130,406	\$ (7,642)
Categorical aid:				
State fire grant	\$ 10,000	\$ 10,000	\$ 15,000	\$ 5,000
Police aid	46,500	46,500	46,850	350
Litter control grant	1,031	1,031	820	(211)
Wharf grants	206,460	-	-	-
Virginia commission of the arts	1,500	1,500	-	(1,500)
Miscellaneous grants	4,400	-	-	-
Total categorical aid	\$ 269,891	\$ 59,031	\$ 62,670	\$ 3,639
Total revenue from the Commonwealth	\$ 407,939	\$ 197,079	\$ 193,076	\$ (4,003)
Total General Fund	\$ 1,541,692	\$ 1,330,832	\$ 1,550,002	\$ 219,170

General Fund and Special Revenue Fund
 Schedule of Revenues - Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Budget As Amended	Actual	Variance From Amended Budget Positive (Negative)
Special Revenue Fund				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Wharf grant	\$ -	\$ -	\$ 6,766	\$ 6,766
Miscellaneous grants	-	4,400	-	(4,400)
Total categorical aid	\$ -	\$ 4,400	\$ 6,766	\$ 2,366
Total revenue from the Commonwealth	\$ -	\$ 4,400	\$ 6,766	\$ 2,366
Revenue from the Federal Government:				
Categorical aid:				
Police aid	\$ -	\$ -	\$ 4,084	\$ 4,084
CDBG grants	-	-	165,064	165,064
Forestry grant	-	-	2,080	2,080
FEMA grant	-	-	4,830	4,830
CARES Act grant	-	-	212,666	212,666
Wharf grant	-	206,460	20,260	(186,200)
Total categorical aid	\$ -	\$ 206,460	\$ 408,984	\$ 202,524
Total revenue from the federal government	\$ -	\$ 206,460	\$ 408,984	\$ 202,524
Total Special Revenue Fund	\$ -	\$ 210,860	\$ 415,750	\$ 204,890
Total Primary Government	\$ 1,541,692	\$ 1,541,692	\$ 1,965,752	\$ 424,060

General Fund and Special Revenue Fund
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2021

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Mayor and council	\$ 14,201	\$ 14,201	\$ 13,751	\$ 450
Payroll taxes	1,087	1,087	1,042	45
Travel	1,000	1,000	25	975
Community promotion	12,000	12,000	7,583	4,417
Town beautification	1,000	1,000	-	1,000
Main street program	15,000	15,000	15,000	-
Tourism transient occupancy transfer	4,600	4,600	4,620	(20)
Total legislative	\$ 48,888	\$ 48,888	\$ 42,021	\$ 6,867
General and financial administration:				
Salaries	\$ 152,240	\$ 152,240	\$ 151,111	\$ 1,129
Overtime	1,000	1,000	345	655
Payroll taxes	11,730	11,730	9,835	1,895
Hospitalization	22,440	22,440	26,066	(3,626)
Retirement	20,600	20,600	19,982	618
Life insurance	2,040	2,040	(2,385)	4,425
State unemployment	192	192	4,063	(3,871)
Training	2,250	2,250	200	2,050
Employee welfare	-	-	686	(686)
Auditing	16,750	16,750	16,750	-
Office equipment maintenance	21,169	21,169	21,595	(426)
Printing auto decals	700	700	-	700
Advertising	2,500	2,500	2,951	(451)
Postage	5,000	5,000	2,627	2,373
Telephone	2,028	2,028	1,680	348
Travel	1,500	1,500	-	1,500
Dues and memberships	1,500	1,500	1,072	428
Office supplies	10,000	10,000	8,519	1,481
Historic Onancock School	7,500	7,500	7,500	-
Miscellaneous	2,200	2,200	3,261	(1,061)
Bank charges	2,000	2,000	5,108	(3,108)
Credit card fees	-	-	369	(369)
Bookkeeping	3,500	3,500	3,259	241
Town attorney	3,500	3,500	735	2,765
Court fees	250	250	406	(156)
Consultants	5,000	5,000	409	4,591
Town code codification	12,010	12,010	6,824	5,186
Property insurance	34,508	34,508	35,557	(1,049)
Vehicle insurance	6,557	6,557	3,991	2,566
Public officials and law enforcement liability	7,190	7,190	7,025	165
General liability	2,472	2,472	979	1,493
Workmens compensation	13,376	13,376	11,002	2,374
Total general and financial administration	\$ 373,702	\$ 373,702	\$ 351,522	\$ 22,180
Total general government administration	\$ 422,590	\$ 422,590	\$ 393,543	\$ 29,047

General Fund and Special Revenue Fund
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety:				
Law enforcement:				
Salaries for officers	\$ 221,600	\$ 221,600	\$ 205,575	\$ 16,025
Overtime	6,000	6,000	5,294	706
Payroll taxes	17,500	17,500	17,102	398
Retirement	30,000	30,000	32,240	(2,240)
Hospitalization	22,440	22,440	24,624	(2,184)
Life insurance	3,000	3,000	2,804	196
State unemployment	320	320	366	(46)
Training	6,500	6,500	4,384	2,116
Vehicle repairs	3,833	3,833	2,650	1,183
Computer maintenance	2,500	2,500	2,691	(191)
Telephone	3,360	3,360	3,394	(34)
Line of duty act insurance	3,655	3,655	2,742	913
Travel	1,350	1,350	622	728
Office supplies	2,669	2,669	3,741	(1,072)
Vehicle fuel	7,500	7,500	7,018	482
Uniforms	2,000	2,000	2,046	(46)
Police supplies	7,000	7,000	8,454	(1,454)
Total law enforcement	\$ 341,227	\$ 341,227	\$ 325,747	\$ 15,480
Fire and rescue:				
Contributions fire companies	\$ 25,000	\$ 25,000	\$ 25,000	\$ -
Fire programs funding	10,000	10,000	15,000	(5,000)
Total fire and rescue	\$ 35,000	\$ 35,000	\$ 40,000	\$ (5,000)
Total public safety	\$ 376,227	\$ 376,227	\$ 365,747	\$ 10,480
Public works:				
Street maintenance:				
Salaries	\$ 27,906	\$ 27,906	\$ 29,997	\$ (2,091)
Overtime	1,500	1,500	923	577
Payroll taxes	2,220	2,220	2,332	(112)
Retirement	3,700	3,700	4,301	(601)
Hospitalization	8,976	8,976	9,694	(718)
Life insurance	370	370	348	22
State unemployment	64	64	117	(53)
Vehicle repairs	2,000	2,000	619	1,381
Electricity	30,000	30,000	22,546	7,454
Street repairs	33,750	33,750	37,013	(3,263)
Vehicle fuel	-	-	517	(517)
Small equipment repair	200	200	323	(123)
Safety/street signs	300	300	528	(228)
Uniforms	200	200	555	(355)
Trash can liners	1,200	1,200	1,770	(570)
Total street maintenance	\$ 112,386	\$ 112,386	\$ 111,583	\$ 803

General Fund and Special Revenue Fund
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public works: (Continued)				
Sanitation and waste:				
Vehicle maintenance	\$ 3,000	\$ 3,000	\$ 20	\$ 2,980
Trash collection service	100,000	100,000	91,879	8,121
Repairs and maintenance	1,000	1,000	1,202	(202)
Vehicle fuel	3,000	3,000	4,878	(1,878)
Total sanitation and waste	\$ 107,000	\$ 107,000	\$ 97,979	\$ 9,021
Mosquito and weed control:				
Salaries	\$ 5,000	\$ 5,000	\$ 1,105	\$ 3,895
Repairs and maintenance	250	250	26	224
Chemicals	1,800	1,800	3,845	(2,045)
Weed control	4,200	4,200	4,150	50
Total mosquito and weed control	\$ 11,250	\$ 11,250	\$ 9,126	\$ 2,124
Buildings and grounds:				
Electricity	\$ 5,500	\$ 5,500	\$ 8,902	\$ (3,402)
Heat	3,500	3,500	2,215	1,285
Janitorial supplies	1,500	1,500	650	850
Janitorial services - town hall	3,250	3,250	3,600	(350)
Repairs and maintenance	6,000	6,000	9,190	(3,190)
Total buildings and grounds	\$ 19,750	\$ 19,750	\$ 24,557	\$ (4,807)
Total public works	\$ 250,386	\$ 250,386	\$ 243,245	\$ 7,141
Parks, recreation and cultural:				
Parks and recreation:				
Grass cutting	\$ 6,300	\$ 6,300	\$ 6,555	\$ (255)
Electricity	1,500	1,500	1,053	447
Repair and maintenance supplies	250	250	415	(165)
Small tools	100	100	926	(826)
Plantings	9,050	2,550	2,500	50
Tree board and beautification	-	-	460	(460)
Holiday Decorations	2,500	2,500	2,633	(133)
Total parks and recreation	\$ 19,700	\$ 13,200	\$ 14,542	\$ (1,342)

General Fund and Special Revenue Fund
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Parks, recreation and cultural: (Continued)				
Wharf and marina:				
Salaries	\$ 42,500	\$ 42,500	\$ 60,661	\$ (18,161)
Overtime	1,000	1,000	68	932
Payroll taxes	3,640	3,640	4,489	(849)
Retirement	4,732	4,732	5,492	(760)
Hospitalization	4,488	4,488	-	4,488
Life insurance	469	469	459	10
State unemployment	500	500	260	240
Credit card fees	-	-	4,365	(4,365)
Electric services	6,500	6,500	4,993	1,507
Telephone	600	600	629	(29)
Janitorial supplies	1,000	1,000	661	339
Repair and maintenance supplies	45,500	5,000	6,451	(1,451)
Fuel purchases	63,750	63,750	74,263	(10,513)
Other operating supplies	5,528	5,528	8,365	(2,837)
Rent	-	-	1,100	(1,100)
Capital improvement	225,000	15,302	10,180	5,122
Advertising	16,600	3,000	5,582	(2,582)
Total wharf and marina	\$ 421,807	\$ 158,009	\$ 188,018	\$ (30,009)
Christmas lighting:				
Electricity	\$ 250	\$ 250	\$ 440	\$ (190)
Repairs and maintenance	700	700	2,161	(1,461)
Total Christmas lighting	\$ 950	\$ 950	\$ 2,601	\$ (1,651)
Cultural enrichment:				
Contributions to local music ensembles	\$ 3,250	\$ 3,250	\$ 1,250	\$ 2,000
Total cultural enrichment	\$ 3,250	\$ 3,250	\$ 1,250	\$ 2,000
Total parks, recreation, and cultural	\$ 445,707	\$ 175,409	\$ 206,411	\$ (31,002)
Debt service:				
Principal retirement	\$ 24,911	\$ 24,911	\$ 24,911	\$ -
Interest and other fiscal charges	1,871	1,871	1,871	-
Total debt service	\$ 26,782	\$ 26,782	\$ 26,782	\$ -
Nondepartmental:				
Contingencies	\$ 20,000	\$ 20,000	\$ 1,450	\$ 18,550
Total nondepartmental	\$ 20,000	\$ 20,000	\$ 1,450	\$ 18,550
Total General Fund	\$ 1,541,692	\$ 1,271,394	\$ 1,237,178	\$ 34,216

General Fund and Special Revenue Fund
 Schedule of Expenditures -- Budget and Actual
 Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Elements	Original Budget	Budget As Amended	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Fund:				
Public works:				
COVID-19 business grants	\$ -	\$ -	\$ 104,969	\$ (104,969)
Utility arrears	-	-	20,524	(20,524)
Coronavirus expenditures	-	-	217,172	(217,172)
N.E. project planning	-	-	25,213	(25,213)
Main Street Initiative	-	-	1,500	(1,500)
Total public works	\$ -	\$ -	\$ 369,378	\$ (369,378)
Parks, recreation and cultural:				
Parks and recreation:				
Forestry	\$ -	\$ 6,500	\$ 4,130	\$ 2,370
Total parks and recreation	\$ -	\$ 6,500	\$ 4,130	\$ 2,370
Wharf and marina:				
Repair and maintenance supplies	\$ -	\$ 40,500	\$ -	\$ 40,500
Capital improvement	-	223,298	165,681	57,617
Total wharf and marina	\$ -	\$ 263,798	\$ 165,681	\$ 98,117
Total parks, recreation, and cultural	\$ -	\$ 270,298	\$ 169,811	\$ 100,487
Total Special Revenue Fund	\$ -	\$ 270,298	\$ 539,189	\$ (268,891)
Total Primary Government	\$ 1,541,692	\$ 1,541,692	\$ 1,776,367	\$ (234,675)

Statistical Information

Changes in Net Position
Last Ten Fiscal Years

	2012	2013	2014	2015	2016
Expenses					
Governmental Activities					
General Government Administration	\$ 493,199	\$ 312,234	\$ 360,651	\$ 302,632	\$ 287,787
Public Safety	282,548	341,356	354,843	347,946	353,330
Public Works	298,067	305,429	250,481	283,050	328,012
Parks, Recreation and Cultural	137,596	130,027	198,726	119,280	138,795
Interest and other fiscal charges	10,365	11,776	6,456	8,280	8,113
Total Governmental Activities Expenses	\$ 1,221,775	\$ 1,100,822	\$ 1,171,157	\$ 1,061,188	\$ 1,116,037
Business-Type Activities					
Public Utilities	\$ 765,120	\$ 1,167,127	\$ 1,162,288	\$ 1,178,520	\$ 1,191,331
Total Business-Type Activities Expenses	\$ 765,120	\$ 1,167,127	\$ 1,162,288	\$ 1,178,520	\$ 1,191,331
Total Primary Government Expenses	\$ 1,986,895	\$ 2,267,949	\$ 2,333,445	\$ 2,239,708	\$ 2,307,368
Program Revenues					
Governmental Activities					
Charges for Services	\$ 135,692	\$ 121,538	\$ 106,723	\$ 174,923	\$ 184,936
Operating Grants and Contributions	179,152	71,021	84,690	36,607	89,290
Capital Grants and Contributions	109,581	194,498	50,410	33,621	89,965
Total Governmental Activities Program Revenues	\$ 424,425	\$ 387,057	\$ 241,823	\$ 245,151	\$ 364,191
Business-Type Activities					
Charges for Services	\$ 985,653	\$ 939,787	\$ 736,275	\$ 849,830	\$ 872,777
Capital Grants and Contributions	67,082	194,187	-	335,790	-
Total Business-Type Activities Program Revenues	\$ 1,052,735	\$ 1,133,974	\$ 736,275	\$ 1,185,620	\$ 872,777
Total Primary Government Program Revenues	\$ 1,477,160	\$ 1,521,031	\$ 978,098	\$ 1,430,771	\$ 1,236,968
Net (Expense)/ Revenue					
Governmental Activities	\$ (797,350)	\$ (713,765)	\$ (929,334)	\$ (816,037)	\$ (751,846)
Business-Type Activities	287,615	(33,153)	(426,013)	7,100	(318,554)
Total Primary Government Net (Expense)/ Revenue	\$ (509,735)	\$ (746,918)	\$ (1,355,347)	\$ (808,937)	\$ (1,070,400)
General Revenues and Other Changes in Net Position					
Governmental Activities					
General Property Taxes	\$ 370,870	\$ 439,399	\$ 432,462	\$ 423,094	\$ 410,275
Other Local Taxes	338,161	411,346	363,988	428,063	333,215
Revenues from the use of money & property	31,159	34,026	29,771	29,631	29,754
Commonwealth of Virginia - PPTRA	68,265	68,265	68,265	68,265	163,813
Miscellaneous	15,597	9,099	38,627	20,855	19,246
Transfers	-	-	-	-	-
Total Governmental Activities	\$ 824,052	\$ 962,135	\$ 933,113	\$ 969,908	\$ 956,303
Business-Type Activities					
Revenues from the use of money & property	\$ 1,295	\$ 86	\$ 22	\$ -	\$ -
Miscellaneous	1,805	18,604	28,101	-	-
Transfers	-	-	-	-	-
Total Business-Type Activities	\$ 3,100	\$ 18,690	\$ 28,123	\$ -	\$ -
Total Primary Government	\$ 827,152	\$ 980,825	\$ 961,236	\$ 969,908	\$ 956,303
Change in Net Position					
Governmental Activities	\$ 26,702	\$ 248,370	\$ 3,779	\$ 153,871	\$ 204,457
Business-Type Activities	290,715	(14,463)	(397,890)	7,100	(318,554)
Total Primary Government Change in Net Position	\$ 317,417	\$ 233,907	\$ (394,111)	\$ 160,971	\$ (114,097)

Changes in Net Position
Last Ten Fiscal Years

	2017	2018	2019	2020	2021
Expenses					
Governmental Activities					
General Government Administration	\$ 361,305	\$ 413,815	\$ 439,012	\$ 445,193	\$ 422,966
Public Safety	358,015	431,419	394,527	527,376	379,740
Public Works	263,010	230,893	242,127	278,067	652,990
Parks, Recreation and Cultural	177,883	162,004	327,598	230,244	254,293
Interest and other fiscal charges	6,390	5,325	4,213	3,158	1,871
Total Governmental Activities Expenses	\$ 1,166,603	\$ 1,243,455	\$ 1,407,477	\$ 1,484,038	\$ 1,711,860
Business-Type Activities					
Public Utilities	\$ 1,139,410	\$ 1,233,602	\$ 1,284,629	\$ 1,481,930	\$ 1,259,310
Total Business-Type Activities Expenses	\$ 1,139,410	\$ 1,233,602	\$ 1,284,629	\$ 1,481,930	\$ 1,259,310
Total Primary Government Expenses	\$ 2,306,013	\$ 2,477,057	\$ 2,692,106	\$ 2,965,968	\$ 2,971,170
Program Revenues					
Governmental Activities					
Charges for Services	\$ 214,705	\$ 279,475	\$ 246,784	\$ 195,987	\$ 261,794
Operating Grants and Contributions	58,540	58,158	56,760	57,097	478,420
Capital Grants and Contributions	12,708	189,743	108,560	-	-
Total Governmental Activities Program Revenues	\$ 285,953	\$ 527,376	\$ 412,104	\$ 253,084	\$ 740,214
Business-Type Activities					
Charges for Services	\$ 1,018,085	\$ 1,190,191	\$ 1,246,115	\$ 1,269,121	\$ 1,431,208
Capital Grants and Contributions	-	-	199,973	119,986	-
Total Business-Type Activities Program Revenues	\$ 1,018,085	\$ 1,190,191	\$ 1,446,088	\$ 1,389,107	\$ 1,431,208
Total Primary Government Program Revenues	\$ 1,304,038	\$ 1,717,567	\$ 1,858,192	\$ 1,642,191	\$ 2,171,422
Net (Expense)/ Revenue					
Governmental Activities	\$ (880,650)	\$ (716,079)	\$ (995,373)	\$ (1,230,954)	\$ (971,646)
Business-Type Activities	(121,325)	(43,411)	161,459	(92,823)	171,898
Total Primary Government Net (Expense)/ Revenue	\$ (1,001,975)	\$ (759,490)	\$ (833,914)	\$ (1,323,777)	\$ (799,748)
General Revenues and Other Changes in Net Position					
Governmental Activities					
General Property Taxes	\$ 493,419	\$ 508,046	\$ 493,412	\$ 513,967	\$ 585,886
Other Local Taxes	328,025	388,855	428,049	357,037	451,441
Revenues from the use of money & property	8,061	10,715	19,613	30,978	19,327
Commonwealth of Virginia - PPTRA	161,209	158,848	152,663	136,547	130,406
Miscellaneous	24,205	20,660	25,052	44,156	30,696
Transfers	-	-	-	-	95,668
Total Governmental Activities	\$ 1,014,919	\$ 1,087,124	\$ 1,118,789	\$ 1,082,685	\$ 1,313,424
Business-Type Activities					
Revenues from the use of money & property	\$ -	\$ 7,597	\$ 15,934	\$ 11,909	\$ 584
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	-	(95,668)
Total Business-Type Activities	\$ -	\$ 7,597	\$ 15,934	\$ 11,909	\$ (95,084)
Total Primary Government	\$ 1,014,919	\$ 1,094,721	\$ 1,134,723	\$ 1,094,594	\$ 1,218,340
Change in Net Position					
Governmental Activities	\$ 134,269	\$ 371,045	\$ 123,416	\$ (148,269)	\$ 341,778
Business-Type Activities	(121,325)	(35,814)	177,393	(80,914)	76,814
Total Primary Government Change in Net Position	\$ 12,944	\$ 335,231	\$ 300,809	\$ (229,183)	\$ 418,592

Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	2012	2013	2014	2015	2016
Revenues					
General property taxes	\$ 373,304	\$ 428,929	\$ 436,142	\$ 440,035	\$ 418,148
Other local taxes	338,161	411,346	363,988	428,063	333,215
Permits, privilege fees and regulatory licenses	525	-	-	-	400
Fines and forfeitures	16,238	10,978	18,410	18,946	15,975
Revenue from the use of money and property	31,159	34,026	29,771	29,631	29,754
Charges for services	118,929	110,560	88,313	155,977	168,561
Miscellaneous	15,597	9,099	38,627	20,855	19,246
Intergovernmental	356,998	333,784	203,365	138,493	343,068
Total Revenues	\$ 1,250,911	\$ 1,338,722	\$ 1,178,616	\$ 1,232,000	\$ 1,328,367
Expenditures					
General administration	\$ 501,532	\$ 304,633	\$ 346,266	\$ 299,455	\$ 260,829
Public safety	301,123	325,275	343,672	378,356	341,395
Public works	258,528	265,837	269,500	271,733	292,436
Parks recreation and cultural	132,101	284,164	190,625	167,883	203,527
Capital outlays & non-departmental	149,797	-	11,866	344	28,599
Debt Service	30,070	32,301	27,838	32,998	37,101
Total Expenditures	\$ 1,373,151	\$ 1,212,210	\$ 1,189,767	\$ 1,150,769	\$ 1,163,887
Excess (deficiency) of revenues over (under) expenditures	\$ (122,240)	\$ 126,512	\$ (11,151)	\$ 81,231	\$ 164,480
Other Financing Sources (Uses)					
Issuance of notes payable	\$ -	\$ -	\$ -	\$ 32,000	\$ -
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ 32,000	\$ -
Net Change in Fund Balance	\$ (122,240)	\$ 126,512	\$ (11,151)	\$ 113,231	\$ 164,480
Debt Service as a Percentage of Expenditures	2.46%	2.66%	2.34%	2.87%	3.19%

Changes in Fund Balances
Governmental Funds
Last Ten Fiscal Years

	2017	2018	2019	2020	2021
Revenues					
General property taxes	\$ 460,414	\$ 527,472	\$ 503,696	\$ 521,725	\$ 593,668
Other local taxes	328,025	388,855	428,049	357,037	451,441
Permits, privilege fees and regulatory licenses	600	950	275	375	1,700
Fines and forfeitures	15,162	16,218	13,959	9,168	8,290
Revenue from the use of money and property	8,061	10,715	19,613	30,978	19,327
Charges for services	198,943	262,307	232,550	186,444	251,804
Miscellaneous	24,205	20,660	25,051	44,156	30,696
Intergovernmental	232,457	406,749	317,983	193,644	608,826
Total Revenues	\$ 1,267,867	\$ 1,633,926	\$ 1,541,176	\$ 1,343,527	\$ 1,965,752
Expenditures					
General administration	\$ 337,182	\$ 378,915	\$ 383,478	\$ 367,338	\$ 393,543
Public safety	339,992	402,976	363,321	431,698	365,747
Public works	220,309	196,477	200,047	228,848	612,623
Parks recreation and cultural	196,607	394,633	309,745	201,025	376,222
Capital outlays & non-departmental	11,834	20,833	30,844	7,031	1,450
Debt Service	40,775	33,814	33,813	33,115	26,782
Total Expenditures	\$ 1,146,699	\$ 1,427,648	\$ 1,321,248	\$ 1,269,055	\$ 1,776,367
Excess (deficiency) of revenues over (under) expenditures	\$ 121,168	\$ 206,278	\$ 219,928	\$ 74,472	\$ 189,385
Other Financing Sources (Uses)					
Issuance of notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-	1,328,042
Transfers out	-	-	-	-	(1,232,374)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ 95,668
Net Change in Fund Balance	\$ 121,168	\$ 206,278	\$ 219,928	\$ 219,928	\$ 285,053
Debt Service as a Percentage of Expenditures	3.56%	2.37%	2.56%	2.56%	1.51%

Schedule of Legal Debt Margin
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assessed value of real estate subject to taxation	\$ 132,954,000	\$ 118,891,900	\$ 118,862,000	\$ 117,363,100	\$ 117,738,100
Legal Debt Limit					
10% of Assessed Value of Taxable Real Estate:	\$ 13,295,400	\$ 11,889,190	\$ 11,886,200	\$ 11,736,310	\$ 11,773,810
Deduct:					
Bonds Payable	<u>10,331,258</u>	<u>10,101,659</u>	<u>9,668,641</u>	<u>9,223,390</u>	<u>8,645,722</u>
Legal Margin for Creation of Additional Debt	<u>\$ 2,964,142</u>	<u>\$ 1,787,531</u>	<u>\$ 2,217,559</u>	<u>\$ 2,512,920</u>	<u>\$ 3,128,088</u>

Schedule of Legal Debt Margin
Last Ten Fiscal Years

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Assessed value of real estate subject to taxation	\$ 115,819,000	\$ 116,186,600	\$ 115,366,200	\$ 116,630,900	\$ 126,689,550
Legal Debt Limit					
10% of Assessed Value of Taxable Real Estate:	\$ 11,581,900	\$ 11,618,660	\$ 11,536,620	\$ 11,663,090	\$ 12,668,955
Deduct:					
Bonds Payable	<u>8,226,150</u>	<u>7,804,707</u>	<u>7,381,329</u>	<u>6,955,956</u>	<u>6,528,519</u>
Legal Margin for Creation of Additional Debt	<u>\$ 3,355,750</u>	<u>\$ 3,813,953</u>	<u>\$ 4,155,291</u>	<u>\$ 4,707,134</u>	<u>\$ 6,140,436</u>

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2012	\$ 473,369	\$ 441,569	93.28%
2013	473,286	498,762	105.38%
2014	484,286	488,427	100.86%
2015	482,140	488,180	101.25%
2016	489,609	471,763	96.36%
2017	498,602	495,318	99.34%
2018	575,275	558,488	97.08%
2019	569,022	558,857	98.21%
2020	579,137	563,495	97.30%
2021	616,688	627,819	101.80%

(1) Exclusive of penalties and interest.

Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Public Service (2)	Total
2012	\$ 132,954,000	\$ 8,504,206	\$ 6,753,652	\$ 148,211,858
2013	118,891,900	8,293,639	6,195,454	133,380,993
2014	118,862,000	8,964,622	5,705,176	133,531,798
2015	117,363,100	9,350,884	5,236,800	131,950,784
2016	117,738,100	9,547,476	5,120,424	132,406,000
2017	115,819,000	9,781,675	5,395,276	130,995,951
2019	116,186,600	9,831,688	5,434,336	131,452,624
2019	115,366,200	9,515,894	5,435,513	130,317,607
2020	116,630,900	9,985,187	5,252,368	131,868,455
2021	126,689,550	10,071,442	5,505,156	142,266,148

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

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

Compliance



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Onancock, Virginia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Town of Onancock, Virginia's basic financial statements, and have issued our report dated March 28, 2022.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
March 28, 2022