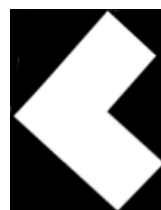


Town of Chase City, Virginia
Comprehensive Annual Financial Report
Year Ended June 30, 2020



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

Town of Chase City, Virginia

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FINANCIAL SECTION





**Creedle
Jones
& Associates**

A Professional Corporation

*Robin B. Jones, CPA, CFP
Denise C. Williams, CPA, CSEP
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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Chase City, 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 Chase City, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Chase City, Virginia'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.

Auditor's 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 auditor's 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 Chase City, Virginia, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

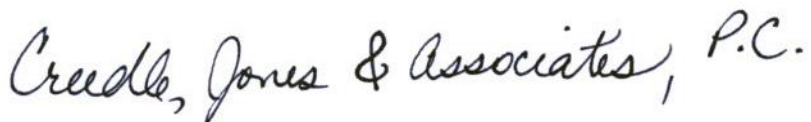
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule related to pension and OPEB on pages 1 through 7, 59-63, and 64-73 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021, on our consideration of the Town of Chase City, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Chase City, 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 Chase City, Virginia's internal control over financial reporting and compliance.



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

South Hill, Virginia
January 22, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Chase City, Virginia presents the following discussion and analysis as an overview of the Town of Chase City, Virginia's financial activities for the fiscal year ending June 30, 2020. We encourage readers to read this discussion and analysis in conjunction with the Town's basic financial statements.

Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources by \$4,124,076. Of this amount, \$1,894,764 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$1,560,464 with an unrestricted balance of \$104,853.
- The Town's total net position decreased by \$92,741 during the current fiscal year. Of this amount, an increase of \$78,622 is related to governmental activities and a decrease of \$171,363 is attributed to business-type activities.
- As of June 30, 2020, the Town's Governmental Funds reported combined ending fund balances of \$3,583,205, an increase of \$61,295 in comparison with the prior year. Approximately 37.7% of this amount is available for spending at the Town's discretion (unassigned fund balance).
- At the end of fiscal year 2020, the general fund unassigned fund balance was \$1,394,572, or approximately 58.8% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

The Town has two types of funds:

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

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

Notes to the Basic Financial Statements

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

Other

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

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 3,667,581	\$ 3,606,396	\$ 389,737	\$ 546,251	\$ 4,057,318	\$ 4,152,647
Net capital assets	<u>2,633,806</u>	<u>2,632,016</u>	<u>4,066,896</u>	<u>4,234,794</u>	<u>6,700,702</u>	<u>6,866,810</u>
Total Assets	6,301,387	6,238,412	4,456,633	4,781,045	10,758,020	11,019,457
Deferred Outflows of Resources	<u>430,459</u>	<u>201,675</u>	<u>114,780</u>	<u>57,135</u>	<u>545,239</u>	<u>258,810</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,731,846</u>	<u>\$ 6,440,087</u>	<u>\$ 4,571,413</u>	<u>\$ 4,838,180</u>	<u>\$ 11,303,259</u>	<u>\$ 11,278,267</u>
Liabilities						
Other liabilities	\$ 42,701	\$ 43,109	\$ 137,629	\$ 156,046	\$ 180,330	\$ 199,155
Long-term liabilities	<u>2,428,934</u>	<u>2,071,418</u>	<u>2,836,261</u>	<u>2,871,124</u>	<u>5,265,195</u>	<u>4,942,542</u>
Total Liabilities	2,471,635	2,114,527	2,973,890	3,027,170	5,445,525	5,141,697
Deferred Inflows of Resources	<u>136,135</u>	<u>280,106</u>	<u>37,059</u>	<u>79,183</u>	<u>173,194</u>	<u>359,289</u>
Net Position						
Net investment in capital assets	2,229,312	2,164,931	1,455,611	1,487,378	3,684,923	3,652,309
Unrestricted	<u>1,894,764</u>	<u>1,880,523</u>	<u>104,853</u>	<u>244,449</u>	<u>1,999,617</u>	<u>2,124,972</u>
Total Net Position	<u>4,124,076</u>	<u>4,045,454</u>	<u>1,560,464</u>	<u>1,731,827</u>	<u>5,684,540</u>	<u>5,777,281</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 6,731,846</u>	<u>\$ 6,440,087</u>	<u>\$ 4,571,413</u>	<u>\$ 4,838,180</u>	<u>\$ 11,303,259</u>	<u>\$ 11,278,267</u>

Statement of Activities

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

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for services	\$ 244,588	\$ 207,128	\$ 999,893	\$ 968,523	\$ 1,244,481	\$ 1,175,651
Grants and contributions	1,122,220	682,256	-	-	1,122,220	682,256
General Revenues						
General property taxes, real and personal	525,803	518,040	-	-	525,803	518,040
Other taxes	731,606	726,690	-	-	731,606	726,690
Grants and contributions not restricted to specific programs	110,974	112,708	-	-	110,974	112,708
Unrestricted revenues from use of money and property	14,028	18,645	-	-	14,028	18,645
Investment earnings	107,035	90,382	8,381	13,754	115,416	104,136
Miscellaneous	198,310	50,916	-	-	198,310	50,916
Total Revenues	3,054,564	2,406,765	1,008,274	982,277	4,062,838	3,389,042
Expenses						
General government administration	394,299	305,258	-	-	394,299	305,258
Public safety	942,197	738,494	-	-	942,197	738,494
Public works	905,262	844,385	-	-	905,262	844,385
Parks, recreation, and cultural	131,019	86,728	-	-	131,019	86,728
Community development	575,785	100,840	-	-	575,785	100,840
Water and sewer	-	-	1,124,281	975,614	1,124,281	975,614
Interest on long-term debt/closing costs	27,380	23,526	55,356	58,045	82,736	81,571
Total Expenses	2,975,942	2,099,231	1,179,637	1,033,659	4,155,579	3,132,890
Increase (Decrease) in Net Position Before Transfers	78,622	307,534	(171,363)	(51,382)	(92,741)	256,152
Transfers	-	-	-	-	-	-
Change in Net Position	78,622	307,534	(171,363)	(51,382)	(92,741)	256,152
Beginning Net Position	4,045,454	3,737,920	1,731,827	1,783,209	5,777,281	5,521,129
Ending Net Position	<u>\$ 4,124,076</u>	<u>\$ 4,045,454</u>	<u>\$ 1,560,464</u>	<u>\$ 1,731,827</u>	<u>\$ 5,684,540</u>	<u>\$ 5,777,281</u>

Governmental activities increased the Town's net position by \$78,622 for fiscal year 2020. Revenues from governmental activities totaled \$3,054,564. Grants and contributions comprise the largest source of these revenues totaling \$1,122,220. Other local taxes comprise the second largest source of these revenues totaling \$731,606.

The total cost of all governmental activities for this fiscal year was \$2,975,942. Public safety was the Town's largest program with expenses totaling \$942,197. Public works, which totals \$905,262, represents the second largest expense.

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

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>		<u>2019</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 394,299	\$ (394,299)	\$ 305,258	\$ (299,126)
Public safety	942,197	(793,878)	738,494	(586,168)
Public works	905,262	(241,672)	844,385	(206,780)
Parks, recreation, and cultural	131,019	(121,894)	86,728	(77,428)
Community development	575,785	(30,011)	100,840	(16,819)
Interest on long-term debt	<u>27,380</u>	<u>(27,380)</u>	<u>23,526</u>	<u>(23,526)</u>
Total	<u>\$ 2,975,942</u>	<u>\$ (1,609,134)</u>	<u>\$ 2,099,231</u>	<u>\$ (1,209,847)</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The Town's governmental funds reported combined ending fund balances of \$3,583,205. The combined governmental fund balance increased \$61,295 from the prior year.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$1,394,572. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 58.8% of total fund expenditures, while total fund balance represents 59.4% of that same amount.

BUDGETARY HIGHLIGHTS

General Fund

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

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2020 and 2019

	<u>2020</u>			<u>2019</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 525,200	\$ 525,200	\$ 527,047	\$ 517,000	\$ 517,000	\$ 526,557
Other	1,150,909	1,150,909	1,208,845	1,065,060	1,065,060	1,063,819
Intergovernmental	<u>677,000</u>	<u>677,000</u>	<u>687,420</u>	<u>665,300</u>	<u>665,300</u>	<u>736,126</u>
Total	<u>2,353,109</u>	<u>2,353,109</u>	<u>2,423,312</u>	<u>2,247,360</u>	<u>2,247,360</u>	<u>2,326,502</u>
Expenditures	<u>2,353,109</u>	<u>2,353,109</u>	<u>2,373,606</u>	<u>2,247,360</u>	<u>2,247,360</u>	<u>2,714,916</u>
Proceeds from issuance of debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>498,173</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,759</u>

The final amended budget appropriations, including expenditures, equaled the original appropriation. No budget amendments took place this year.

Actual revenues were more than final budget amounts by \$70,203, or 3%, while actual expenditures were \$20,497, or .87% more than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2020, the Town's governmental activities net capital assets total \$2,633,806, which represents a net increase of \$1,790 or .01% over the previous fiscal year-end balance. The business-type activities net capital assets total \$4,066,896, a decrease of \$167,898 or 4% over the previous fiscal year.

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2019</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2020</u>
Land and land improvements	\$ 295,115	\$ 61,324	\$ 356,439
Buildings and improvements	1,364,856	-	1,364,856
Infrastructure - streets, sidewalks, and systems	3,256,609	-	3,256,609
Furniture, equipment, and vehicles	2,806,551	(125,990)	2,680,561
Total Capital Assets	7,723,131	(64,666)	7,658,465
Less: Accumulated depreciation and amortization	(5,091,115)	66,456	(5,024,659)
Net Capital Assets	<u>\$ 2,632,016</u>	<u>\$ 1,790</u>	<u>\$ 2,633,806</u>

Business-Type Activities

	<u>Balance July 1, 2019</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2020</u>
Land and land improvements	\$ 18,435	\$ -	\$ 18,435
Buildings and infrastructure systems	8,266,509	-	8,266,509
Furniture, equipment, and vehicles	301,355	-	301,355
Total Capital Assets	8,586,299	-	8,586,299
Less: Accumulated depreciation and amortization	(4,351,505)	(167,898)	(4,519,403)
Net Capital Assets	<u>\$ 4,234,794</u>	<u>\$ (167,898)</u>	<u>\$ 4,066,896</u>

Long-Term Debt

As of June 30, 2020, the Town's long-term obligations total \$4,274,514.

	<u>Balance July 1, 2019</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2020</u>
Governmental Activities			
Long-term debt	\$ 467,085	\$ (62,591)	\$ 404,494
Landfill obligation	1,161,936	2,753	1,164,689
Compensated absences	87,899	6,147	94,046
Total Governmental Activities	1,716,920	(53,691)	1,663,229
Business-Type Activities			
Long-term debt	2,747,416	(136,131)	2,611,285
Total Business-Type Activities	2,747,416	(136,131)	2,611,285
Total Reporting Entity	<u>\$ 4,464,336</u>	<u>\$ (189,822)</u>	<u>\$ 4,274,514</u>

More detailed information on the Town's long-term obligations is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The average unemployment rate for the Town of Chase City, Virginia in June 2020, which uses Mecklenburg County's rate, was 8.7%. This compares unfavorably to the state's rate of 8.5% and favorably to the national rate of 11.2%.
- According to the 2010 U.S. Census, the population in the Town of Chase City, Virginia was 2,351, a decrease of 4.31%, since the 2000 U.S. Census.
- The per capita income in the Town of Chase City, Virginia was \$14,862, compared to \$27,705 for the state, according to the 2010 U.S. Census data.

The fiscal year 2021 adopted budget anticipates General Fund revenues and expenditures to be \$2,381,844, a 1.22% increase over the fiscal year 2020 original budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Virginia W. Petersen, Treasurer, Town of Chase City, Virginia, 319 North Main Street, Chase City, Virginia 23924, telephone 434-372-5136, or visit the Town's website at www.chasecity.org.

BASIC FINANCIAL STATEMENTS



Town of Chase City, Virginia

Statement of Net Position

At June 30, 2020

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 3,517,408	\$ 208,558	\$ 3,725,966
Receivables, net	110,539	138,174	248,713
Internal balances	6,483	(6,483)	-
Due from other governmental units	18,419	-	18,419
Inventory	14,732	49,488	64,220
Capital Assets			
Land and construction in progress	356,439	18,435	374,874
Other capital assets, net of accumulated depreciation	2,277,367	4,048,461	6,325,828
Net Capital Assets	2,633,806	4,066,896	6,700,702
Total Assets	6,301,387	4,456,633	10,758,020
Deferred Outflows of Resources			
VRS pension	412,017	109,524	521,541
Other post-employment benefits - GLI	16,266	4,324	20,590
Other post-employment benefits - retiree health insurance	2,176	932	3,108
Total Deferred Outflows of Resources	430,459	114,780	545,239
Total Assets and Deferred Outflows of Resources	<u>\$ 6,731,846</u>	<u>\$ 4,571,413</u>	<u>\$ 11,303,259</u>
Liabilities			
Accounts payable and accrued expenses	\$ 42,701	\$ 3,741	\$ 46,442
Customer deposits	-	133,888	133,888
Long-Term Liabilities			
<i>Due within one year</i>			
Bonds, loans, and capital leases payable	46,337	138,908	185,245
<i>Due in more than one year</i>			
Compensated absences	94,046	-	94,046
Net pension liability	623,117	175,751	798,868
Other post-employment benefits - GLI	73,019	19,410	92,429
Other post-employment benefits - retiree health insurance	69,569	29,815	99,384
Landfill closure and post-closure costs	1,164,689	-	1,164,689
Bonds, loans, and capital leases payable	358,157	2,472,377	2,830,534
Total Liabilities	2,471,635	2,973,890	5,445,525
Deferred Inflows of Resources			
VRS pension	118,204	31,421	149,625
Other post-employment benefits - GLI	12,578	3,344	15,922
Other post-employment benefits - retiree health insurance	5,353	2,294	7,647
Total Deferred Inflows of Resources	136,135	37,059	173,194
Net Position			
Net investment in capital assets	2,229,312	1,455,611	3,684,923
Unrestricted	1,894,764	104,853	1,999,617
Total Net Position	4,124,076	1,560,464	5,684,540
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 6,731,846</u>	<u>\$ 4,571,413</u>	<u>\$ 11,303,259</u>

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

Town of Chase City, Virginia

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	
Primary Government							
Governmental Activities							
General government administration	\$ 394,299	\$ -	\$ -	\$ -	\$ (394,299)		\$ (394,299)
Public safety	942,197	37,785	110,534	-	(793,878)		(793,878)
Public works	905,262	197,678	465,912	-	(241,672)		(241,672)
Parks, recreation, and cultural	131,019	9,125	-	-	(121,894)		(121,894)
Community development	575,785	-	545,774	-	(30,011)		(30,011)
Interest on long-term debt	27,380	-	-	-	(27,380)		(27,380)
Total Governmental Activities	2,975,942	244,588	1,122,220	-	(1,609,134)		(1,609,134)
Business-Type Activities							
Proprietary funds - Water and sewer	1,179,637	999,893	-	-		\$ (179,744)	(179,744)
Total Business-Type Activities	1,179,637	999,893	-	-		(179,744)	(179,744)
Total Primary Government	\$ 4,155,579	\$ 1,244,481	\$ 1,122,220	\$ -			(1,788,878)
General Revenues							
Taxes							
General property taxes, real and personal					525,803	-	525,803
Other local taxes					731,606	-	731,606
Grants and contributions not restricted to specific programs					110,974	-	110,974
Unrestricted revenues from use of property					14,028	-	14,028
Investment earnings					107,035	8,381	115,416
Miscellaneous					198,310	-	198,310
Transfers					-	-	-
Total General Revenues and Transfers					1,687,756	8,381	1,696,137
Change in Net Position					78,622	(171,363)	(92,741)
Net Position - Beginning of Year					4,045,454	1,731,827	5,777,281
Net Position - End of Year					\$ 4,124,076	\$ 1,560,464	\$ 5,684,540

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

Town of Chase City, Virginia

Balance Sheet

Governmental Funds

At June 30, 2020

	General Fund	CDBG #25 West 4th Street Phase Two	CDBG #20 Endly Street	Building Demolition Fund	Cemetery Fund	Woodland Cemetery Fund	Total Governmental Funds
Assets							
Cash and investments	\$ 1,253,525	\$ 47,644	\$ 81	\$ 46,203	\$ 43,023	\$ 2,126,932	\$ 3,517,408
Property taxes receivable, net	41,675	-	-	-	-	-	41,675
Accounts receivable	59,214	-	-	9,650	-	-	68,864
Due from other funds	105,665	-	-	-	-	-	105,665
Due from other governmental units	18,419	-	-	-	-	-	18,419
Inventory	14,732	-	-	-	-	-	14,732
Total Assets	<u>\$ 1,493,230</u>	<u>\$ 47,644</u>	<u>\$ 81</u>	<u>\$ 55,853</u>	<u>\$ 43,023</u>	<u>\$ 2,126,932</u>	<u>\$ 3,766,763</u>
Liabilities							
Accounts payable	\$ 18,410	\$ -	\$ -	\$ -	\$ 450	\$ -	\$ 18,860
Due to other funds	-	-	-	99,182	-	-	99,182
Accrued liabilities and prepaid expenses	23,841	-	-	-	-	-	23,841
Total Liabilities	42,251	-	-	99,182	450	-	141,883
Deferred Inflows of Resources							
Unavailable revenue - property taxes	41,675	-	-	-	-	-	41,675
Total Deferred Inflows of Resources	41,675	-	-	-	-	-	41,675
Fund Balance							
Nonspendable - inventory	14,732	-	-	-	-	-	14,732
Restricted - CDBG	-	47,644	81	-	-	-	47,725
Restricted - Cemetery	-	-	-	-	-	2,126,932	2,126,932
Assigned	-	-	-	-	42,573	-	42,573
Unassigned	1,394,572	-	-	(43,329)	-	-	1,351,243
Total Fund Balance (Deficit)	<u>1,409,304</u>	<u>47,644</u>	<u>81</u>	<u>(43,329)</u>	<u>42,573</u>	<u>2,126,932</u>	<u>3,583,205</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,493,230</u>	<u>\$ 47,644</u>	<u>\$ 81</u>	<u>\$ 55,853</u>	<u>\$ 43,023</u>	<u>\$ 2,126,932</u>	<u>\$ 3,766,763</u>

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

Town of Chase City, Virginia

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

At June 30, 2020

Total Fund Balances for Governmental Funds	\$ 3,583,205
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Total net position reported for governmental activities in the Statement of Net Position is different because:

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

Land	\$ 356,439
Buildings and improvements, net of accumulated depreciation	336,722
Infrastructure - streets, sidewalks, systems, net of accumulated depreciation	1,110,539
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>830,106</u>

Total Capital Assets	2,633,806
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Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds financial statements.

Unavailable revenue - property taxes	<u>41,675</u>
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Total Other Assets	41,675
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Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to VRS pension	412,017
Deferred outflows of resources related to OPEB group life insurance	16,266
Deferred outflows of resources related to OPEB retiree health insurance	2,176
Deferred inflows of resources related to VRS pension	(118,204)
Deferred inflows of resources related to OPEB group life insurance	(12,578)
Deferred inflows of resources related to OPEB retiree health insurance	<u>(5,353)</u>

Total Deferred Outflows and Inflows of Resources	294,324
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Liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

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

Bonds and notes payable	(404,494)
Net VRS pension liability	(623,117)
Net OPEB group life insurance liability	(73,019)
Net OPEB retiree health insurance liability	(69,569)
Landfill obligation	(1,164,689)
Compensated absences	<u>(94,046)</u>

Total	<u>(2,428,934)</u>
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Total Net Position of Governmental Activities	<u>\$ 4,124,076</u>
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The accompanying notes to the financial statements are an integral part of this statement.

Town of Chase City, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2020

	<u>General Fund</u>	<u>CDBG #25 West 4th Street Phase Two</u>	<u>CDBG #20 Endly Street</u>	<u>Building Demolition Fund</u>	<u>Cemetery Fund</u>	<u>Woodland Cemetery Fund</u>	<u>Total Governmental Funds</u>
Revenues							
Property taxes	\$ 527,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 527,047
Other local taxes	731,606	-	-	-	-	-	731,606
Permits, privilege fees, and regulatory licenses	210	-	-	-	-	-	210
Fines and forfeitures	37,575	-	-	-	-	-	37,575
Use of money and property	20,180	645	-	100	8,698	92,083	121,706
Charges for services	197,678	-	-	-	9,125	-	206,803
Miscellaneous	165,203	16,237	-	16,650	220	-	198,310
Recovered costs	56,393	-	-	-	-	-	56,393
<i>Intergovernmental</i>							
Revenue from the Commonwealth of Virginia	657,088	-	-	-	-	-	657,088
Revenue from the Federal Government	30,332	-	545,774	-	-	-	576,106
Total Revenues	2,423,312	16,882	545,774	16,750	18,043	92,083	3,112,844
Expenditures							
Current							
General government administration	379,433	-	-	-	-	-	379,433
Public safety	943,863	-	-	-	-	-	943,863
Public works	917,645	-	-	23,850	-	-	941,495
Parks, recreation, and cultural	26,739	-	-	-	9,307	85,631	121,677
Community development	15,955	13,381	545,774	-	-	-	575,110
Debt service	89,971	-	-	-	-	-	89,971
Total Expenditures	2,373,606	13,381	545,774	23,850	9,307	85,631	3,051,549
Excess (Deficiency) of Revenues Over Expenditures	49,706	3,501	-	(7,100)	8,736	6,452	61,295
Other Financing Sources (Uses)							
Proceeds from issuance of debt	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-
Net Change in Fund Balance	49,706	3,501	-	(7,100)	8,736	6,452	61,295
Fund Balance (Deficit) - Beginning of Year	1,358,056	44,143	81	(36,229)	33,837	2,120,480	3,520,368
Change in Inventory	1,542	-	-	-	-	-	1,542
Fund Balance (Deficit) - End of Year	<u>\$ 1,409,304</u>	<u>\$ 47,644</u>	<u>\$ 81</u>	<u>\$ (43,329)</u>	<u>\$ 42,573</u>	<u>\$ 2,126,932</u>	<u>\$ 3,583,205</u>

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

Town of Chase City, Virginia

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

Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ 61,295

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capitalized assets	\$ 189,546	
Dispositions of assets	(643)	
Depreciation	<u>(187,113)</u>	
		1,790

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements, but recognized in the Statement of Activities. (1,244)

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

Repayments on debt	<u>62,591</u>	
Net Adjustment		62,591

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Net VRS Pension Liability and related deferred inflows and outflows (40,028)

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:

Landfill obligation	(2,753)	
Net OPEB group life insurance liability	3,375	
Net OPEB retiree health insurance liability	(1,799)	
Change in inventory	1,542	
Compensated absences	<u>(6,147)</u>	
Net Adjustment		<u>(5,782)</u>

Change in Net Position of Governmental Activities \$ 78,622

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

Town of Chase City, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2020

	Water Fund #51	Sewer Fund #52	Sewer Escrow Fund #53	Wastewater Fund #54	Totals
Assets					
Current Assets					
Cash	\$ 322,590	\$ -	\$ 238,719	\$ 48,587	\$ 609,896
Accounts receivable - customers	70,365	26,982	25,986	14,841	138,174
Inventory	<u>30,452</u>	<u>19,036</u>	<u>-</u>	<u>-</u>	<u>49,488</u>
Total Current Assets	423,407	46,018	264,705	63,428	797,558
Noncurrent Assets					
Land	4,858	13,577	-	-	18,435
Other capital assets, net of accumulated depreciation	<u>200,148</u>	<u>330,705</u>	<u>1,305,415</u>	<u>2,212,193</u>	<u>4,048,461</u>
Net Capital Assets	<u>205,006</u>	<u>344,282</u>	<u>1,305,415</u>	<u>2,212,193</u>	<u>4,066,896</u>
Total Assets	628,413	390,300	1,570,120	2,275,621	4,864,454
Deferred Outflows of Resources					
VRS pension	52,572	56,952	-	-	109,524
Other post-employment benefits - GLI	2,076	2,248	-	-	4,324
Other post-employment benefits - retiree health insurance	<u>466</u>	<u>466</u>	<u>-</u>	<u>-</u>	<u>932</u>
Total Deferred Outflows of Resources	<u>55,114</u>	<u>59,666</u>	<u>-</u>	<u>-</u>	<u>114,780</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 683,527</u>	<u>\$ 449,966</u>	<u>\$ 1,570,120</u>	<u>\$ 2,275,621</u>	<u>\$ 4,979,234</u>
Liabilities					
Current Liabilities					
Accounts payable and accrued expenses	\$ 450	\$ 3,291	\$ -	\$ -	\$ 3,741
Due to other funds	-	-	-	6,483	6,483
Pooled cash deficit	-	401,338	-	-	401,338
Current portion of notes/bonds payable	<u>-</u>	<u>-</u>	<u>102,000</u>	<u>36,908</u>	<u>138,908</u>
Total Current Liabilities	450	404,629	102,000	43,391	550,470
Noncurrent Liabilities					
Customer deposits	133,888	-	-	-	133,888
Net pension liability - VRS	84,359	91,392	-	-	175,751
Other post-employment benefits - GLI	9,317	10,093	-	-	19,410
Other post-employment benefits - retiree health insurance	14,907	14,908	-	-	29,815
Notes and bonds payable (net of current portion)	<u>-</u>	<u>-</u>	<u>771,000</u>	<u>1,701,377</u>	<u>2,472,377</u>
Total Noncurrent Liabilities	<u>242,471</u>	<u>116,393</u>	<u>771,000</u>	<u>1,701,377</u>	<u>2,831,241</u>
Total Liabilities	242,921	521,022	873,000	1,744,768	3,381,711
Deferred Inflows of Resources					
VRS pension	15,082	16,339	-	-	31,421
Other post-employment benefits - GLI	1,605	1,739	-	-	3,344
Other post-employment benefits - retiree health insurance	<u>1,147</u>	<u>1,147</u>	<u>-</u>	<u>-</u>	<u>2,294</u>
Total Deferred Inflows of Resources	17,834	19,225	-	-	37,059
Net Position					
Net investment in capital assets	205,006	344,283	432,415	473,907	1,455,611
Unrestricted	<u>217,766</u>	<u>(434,564)</u>	<u>264,705</u>	<u>56,946</u>	<u>104,853</u>
Total Net Position (Deficit)	<u>422,772</u>	<u>(90,281)</u>	<u>697,120</u>	<u>530,853</u>	<u>1,560,464</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 683,527</u>	<u>\$ 449,966</u>	<u>\$ 1,570,120</u>	<u>\$ 2,275,621</u>	<u>\$ 4,979,234</u>

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

Town of Chase City, Virginia

Statement of Revenues, Expenses, and
Changes in Net Position

Proprietary Funds

Year Ended June 30, 2020

	<u>Water Fund #51</u>	<u>Sewer Fund #52</u>	<u>Sewer Escrow Fund #53</u>	<u>Wastewater Fund #54</u>	<u>Totals</u>
Operating Revenues					
Water and sewer sales	\$ 508,760	\$ 288,230	\$ 105,777	\$ 82,184	\$ 984,951
Other income	7,692	200	-	-	7,892
Connection and cut-on fees	<u>6,050</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>7,050</u>
Total Operating Revenues	522,502	289,430	105,777	82,184	999,893
Operating Expenses					
Salaries and wages	156,184	145,862	-	-	302,046
Fringe benefits	59,736	55,556	-	-	115,292
Professional services	3,573	42,478	-	-	46,051
Repairs and maintenance	41,511	27,779	-	-	69,290
Materials and supplies	33,173	38,366	-	-	71,539
Utilities and telephone	9,778	49,120	-	-	58,898
Insurance	1,903	1,898	-	-	3,801
Vehicle and power equipment and supplies	7,287	12,175	-	-	19,462
Water purchased - RRSA	249,071	-	-	-	249,071
Other miscellaneous expenses	6,296	6,581	8,001	56	20,934
Depreciation	<u>16,363</u>	<u>16,710</u>	<u>65,737</u>	<u>69,087</u>	<u>167,897</u>
Total Operating Expenses	<u>584,875</u>	<u>396,525</u>	<u>73,738</u>	<u>69,143</u>	<u>1,124,281</u>
Operating Income (Loss)	(62,373)	(107,095)	32,039	13,041	(124,388)
Nonoperating Revenues (Expenses)					
Interest income	4,928	-	2,786	667	8,381
Interest expense	<u>-</u>	<u>-</u>	<u>(17,999)</u>	<u>(37,357)</u>	<u>(55,356)</u>
Total Nonoperating Revenues (Expenses)	<u>4,928</u>	<u>-</u>	<u>(15,213)</u>	<u>(36,690)</u>	<u>(46,975)</u>
Income (Loss) Before Operating Transfers	(57,445)	(107,095)	16,826	(23,649)	(171,363)
Operating Transfers In (Out)					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(57,445)	(107,095)	16,826	(23,649)	(171,363)
Net Position - Beginning of Year	<u>480,217</u>	<u>16,814</u>	<u>680,294</u>	<u>554,502</u>	<u>1,731,827</u>
Net Position (Deficit) - End of Year	<u>\$ 422,772</u>	<u>\$ (90,281)</u>	<u>\$ 697,120</u>	<u>\$ 530,853</u>	<u>\$ 1,560,464</u>

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

Town of Chase City, Virginia

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2020

	Water Fund #51	Sewer Fund #52	Sewer Escrow Fund #53	Wastewater Fund #54	Totals
Cash Flows from Operating Activities					
Receipts from customers	\$ 512,751	\$ 288,163	\$ 103,445	\$ 80,235	\$ 984,594
Other receipts	7,692	200	-	-	7,892
Payments for personnel and fringes	(215,187)	(200,652)	-	-	(415,839)
Payments for other operating supplies	<u>(356,058)</u>	<u>(87,711)</u>	<u>(8,001)</u>	<u>(56)</u>	<u>(451,826)</u>
Net Cash Provided by (Used in) Operating Activities	(50,802)	-	95,444	80,179	124,821
Cash Flows from Noncapital Financing Activities					
Transfers to (from) other funds	-	-	-	-	-
Net Cash Provided by (Used In) Noncapital Financing Activities	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities					
Repayment of long-term debt - principal	-	-	(100,000)	(36,131)	(136,131)
Repayment of long-term debt - interest	-	-	<u>(17,999)</u>	<u>(37,357)</u>	<u>(55,356)</u>
Net Cash Used in Capital and Related Financing Activities	-	-	(117,999)	(73,488)	(191,487)
Cash Flows from Investing Activities					
Interest income	<u>4,928</u>	-	<u>2,786</u>	<u>667</u>	<u>8,381</u>
Net Cash Provided by Investing Activities	<u>4,928</u>	-	<u>2,786</u>	<u>667</u>	<u>8,381</u>
Net Increase (Decrease) in Cash	(45,874)	-	(19,769)	7,358	(58,285)
Cash - Beginning of Year	<u>368,464</u>	-	<u>258,488</u>	<u>41,229</u>	<u>668,181</u>
Cash - End of Year	<u>\$ 322,590</u>	<u>\$ -</u>	<u>\$ 238,719</u>	<u>\$ 48,587</u>	<u>\$ 609,896</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	\$ (62,373)	\$ (107,095)	\$ 32,039	\$ 13,041	\$ (124,388)
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</i>					
Depreciation expense	16,363	16,710	65,737	69,087	167,897
<i>Changes in assets and liabilities</i>					
Receivables, net	(8,635)	(1,067)	(2,332)	(1,949)	(13,983)
Inventory	16,792	5,436	-	-	22,228
Deferred outflows - OPEB group life insurance	(620)	(671)	-	-	(1,291)
Deferred outflows - VRS pension liability	(26,957)	(29,203)	-	-	(56,160)
Deferred outflows - retiree health insurance	(97)	(97)	-	-	(194)
Pooled cash deficit	-	89,985	-	-	89,985
Accounts payable and accrued expenses	(20,258)	(4,735)	-	-	(24,993)
Customer deposits	6,576	-	-	-	6,576
Deferred inflows - retiree health insurance	885	884	-	-	1,769
Deferred inflows - OPEB group life insurance	232	252	-	-	484
Deferred inflows - VRS pension liability	(21,301)	(23,076)	-	-	(44,377)
Net OPEB - group life insurance	(609)	(661)	-	-	(1,270)
Net OPEB - retiree health insurance	(403)	(401)	-	-	(804)
Net VRS pension liability	<u>49,603</u>	<u>53,739</u>	<u>-</u>	<u>-</u>	<u>103,342</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (50,802)</u>	<u>\$ -</u>	<u>\$ 95,444</u>	<u>\$ 80,179</u>	<u>\$ 124,821</u>

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

Town of Chase City, Virginia

Notes to the Financial Statements

Year Ended June 30, 2020

1 Summary of Significant Accounting Policies

Narrative Profile

The Town of Chase City, Virginia (the "Town"), which was founded in 1873, has a population of approximately 2,351 living within an area of 2.2 square miles. The Town is located in the northwestern area in Mecklenburg County, Virginia. The Town is governed by a Town Manager and a six-member Town Council with each serving administrative and legislative functions.

The Town of Chase City, Virginia engages in a comprehensive range of municipal services, including general government administration, public safety, public works, parks, recreation, and cultural, and community development activities.

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

1-A. Financial Reporting Entity

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

Exclusions from the Reporting Entity

Related Organization

Industrial Development Authority of the Town of Chase City, Virginia

The Industrial Development Authority (the "Authority") of the Town of Chase City, Virginia was created in 1967. The Authority is authorized to acquire, own, lease, and dispose of local properties which will potentially promote industry and develop trade in Virginia through locating and remaining in the area. The Authority assists new and expanding businesses in securing low interest, tax-exempt industrial development revenue bonds. Bonds are issued when financing these facilities, covering the cost of land, buildings, machinery, or equipment. A mortgage or lien on the financed property is then secured and repaid from the revenue of the project. The Authority is governed by a seven-member board appointed by the Chase City Town Council. The Town of Chase City, Virginia cosigns debt for the Authority. This Organization has no activity at this time.

Jointly Governed Organizations

Jointly governed organizations are regional governments or other multi-governmental arrangements that are governed by representation from each of the governments that create the organizations, and the participants do not retain an ongoing financial interest or responsibility in the organization. At this time, the Town has no joint activities.

1-B. Financial Reporting Model

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

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

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

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

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

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

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

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

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

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

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

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

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

1-C. Financial Statement Presentation

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

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

- **General Fund** – The General Fund is the primary operating fund of the Town and accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.
- **Special Revenue Funds** – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:
 - Cemetery Fund – This fund accounts for Town revenues collected and disbursed for maintenance of the Cemetery Fund controlled by the Town.
 - Woodland Cemetery Fund – This fund is used solely for the care, upkeep, and beautification of Woodland Cemetery.
- **Capital Projects Funds** – The Capital Projects Funds account for financial resources to be used for rehabilitation projects other than those financed by proprietary funds. Capital Projects Funds include the following:
 - CDBG #25 and #20 – These funds account for the Town's rehabilitation projects for West 4th Street Phase Two and Endly Street.
 - Building Demolition Fund – This fund has been assigned to collect and disburse funds related to cleaning up real property within the Town that taxpayers will not or cannot handle themselves.
- **Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has four enterprise funds which account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges.
- **Fiduciary Funds (Agency Funds)** – Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Agency funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no Fiduciary Funds at this time.

1-D. Measurement Focus and Basis of Accounting

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

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

The Town's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

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

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

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

1-E-1 Cash and Cash Equivalents

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

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

1-E-2 Investments

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

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

1-E-3 Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portions of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

All trade and property tax receivables are shown at original amounts. The Town uses the direct write-off method for bad debts. For fiscal year 2020, the Town had no allowance for uncollectibles established.

Real and Personal Property Tax Data

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

Real Property Personal Property

Assessed	January 1	January 1
Levy	October 1	October 1
Due Date	January 31	January 31

The Town bills and collects its own property taxes.

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

1-E-4 Prepaid Items

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

1-E-5 Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Town maintains a capitalization threshold of \$5,000. The Town's infrastructure consists primarily of streets, sidewalks, and systems. Improvements to capital assets are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	20 to 40 years
Furniture, machinery, and equipment (includes vehicles)	5 to 20 years
Infrastructure	50 years

1-E-6 Deferred Outflows/Inflows of Resources

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

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

Deferred Inflows of Resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans and notes receivable. The Town considers revenues available if they are collected within 45 days of the end of the fiscal year.

1-E-7 *Compensated Absences*

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements.

1-E-8 *Pensions*

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

1-E-9 *Group Life Insurance*

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

1-E-10 *Fund Equity*

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

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

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

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

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

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

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

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

1-E-11 Operating Revenues and Expenses

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

1-E-12 Interfund Activity

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

1-E-13 Long-Term Obligations

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

1-E-14 Estimates

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

1-E-15 Adoption of New GASB Statements

During the fiscal year ended June 30, 2020, the Town adopted the following GASB statement:

- Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance

This Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

Budgetary Data

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

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplementary Appropriations are adopted if necessary during the fiscal year.

Expenditures in Excess of Appropriations

The Cemetery Fund expenses did not exceed appropriations.

The General Fund did exceed appropriations by \$20,497.

The Woodland Cemetery Fund did exceed appropriations by \$31,196.

Fund Deficits

The Building Demolition Fund had an unassigned deficit of \$43,329.

3 Cash and Cash Equivalents

Deposits

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

The following is a summary and reconciliation of the pooled cash and cash equivalents:

<u>Asset Type</u>	<u>Balance June 30, 2020</u>
Petty cash	\$ 1,100
Deposit accounts	<u>3,724,866</u>
Total Cash and Cash Equivalents	<u>\$ 3,725,966</u>

4 Receivables

Receivables at June 30, 2020 consist of the following:

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Property taxes	\$ 41,675	\$ -	\$ 41,675
Meals tax	17,950	-	17,950
Garbage	26,035	-	26,035
Other	24,879	-	24,879
Water, sewer, and sewer escrow	-	138,174	138,174
Total Receivables	<u>\$ 110,539</u>	<u>\$ 138,174</u>	<u>\$ 248,713</u>

5 Due from Other Governmental Units

Details of the Town's receivables from other governmental units, as of June 30, 2020, are as follows:

	<u>Governmental Activities General</u>
Commonwealth of Virginia	
Local sales tax	<u>\$ 18,419</u>

6 Interfund Receivables, Payables, and Transfers

Due from/to other funds for the year ended June 30, 2020 consisted of the following:

Primary Government

	<u>Due From</u>	<u>Due To</u>
General Fund		
Due from Wastewater Fund #54	\$ 6,483	\$ -
Due from Building Demolition Fund	99,182	-
Wastewater Fund #54		
Due to General Fund for operating costs	-	6,483
Building Demolition Fund		
Due to General Fund for operating costs	-	<u>99,182</u>
Total Due From/To's between Funds	<u>\$ 105,665</u>	<u>\$ 105,665</u>

7 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 295,115	\$ 61,324	\$ -	\$ 356,439
Total Capital Assets Not Being Depreciated	295,115	61,324	-	356,439
Other Capital Assets				
Buildings and improvements	1,364,856	-	-	1,364,856
Infrastructure - streets, sidewalks, systems	3,256,609	-	-	3,256,609
Furniture, equipment, and vehicles	2,806,551	128,222	254,212	2,680,561
Total Other Capital Assets	7,428,016	128,222	254,212	7,302,026
Less: Accumulated depreciation for				
Buildings and improvements	995,068	33,066	-	1,028,134
Infrastructure - streets, sidewalks, systems	2,117,942	28,128	-	2,146,070
Furniture, equipment, and vehicles	1,978,105	125,919	253,569	1,850,455
Total Accumulated Depreciation	5,091,115	187,113	253,569	5,024,659
Other Capital Assets, Net	2,336,901	(58,891)	643	2,277,367
Net Capital Assets	\$ 2,632,016	\$ 2,433	\$ 643	\$ 2,633,806

Depreciation expense was allocated as follows:

Public safety	\$ 103,308
Public works	57,648
Community development	675
Parks, recreation, and cultural	25,482
Total Depreciation Expense	\$ 187,113

Business-Type Activities

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 18,435	\$ -	\$ -	\$ 18,435
Total Capital Assets Not Being Depreciated	18,435	-	-	18,435
Other Capital Assets				
Buildings and systems	8,266,509	-	-	8,266,509
Furniture, equipment, and vehicles	301,355	-	-	301,355
Total Other Capital Assets	8,567,864	-	-	8,567,864
Less: Accumulated depreciation for				
Buildings and systems	4,135,581	157,883	-	4,293,464
Furniture, equipment, and vehicles	215,924	10,015	-	225,939
Total Accumulated Depreciation	4,351,505	167,898	-	4,519,403
Other Capital Assets, Net	4,216,359	(167,898)	-	4,048,461
Net Capital Assets	\$ 4,234,794	\$ (167,898)	\$ -	\$ 4,066,896

8 Compensated Absences

Each Town employee earns vacation at the rate of a minimum of 1 day per month up to 1 ½ days per month based on years of service. Sick leave is earned at the rate of 1 ½ days per month. No sick leave is paid upon termination. Accumulated vacation up to thirty days is paid upon termination. The Town has outstanding compensated absences totaling \$94,046 for the governmental activities.

9 Long-Term Debt

PRIMARY GOVERNMENT

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

Year(s) Ended June 30,	Governmental Activities		Business-Type Activities		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 46,337	\$ 10,056	\$ 138,908	\$ 52,609	\$ 185,245	\$ 62,665
2022	47,490	8,903	141,700	49,809	189,190	58,712
2023	48,673	7,720	144,509	46,952	193,182	54,672
2024	49,885	6,508	147,335	44,040	197,220	50,548
2025	51,127	5,266	150,179	41,070	201,306	46,336
2026-2030	160,982	8,032	557,204	163,347	718,186	171,379
2031-2035	-	-	238,193	129,247	238,193	129,247
2036-2040	-	-	264,870	102,570	264,870	102,570
2041-2045	-	-	294,534	72,906	294,534	72,906
2046-2050	-	-	327,520	39,919	327,520	39,919
2051-2055	-	-	206,333	5,716	206,333	5,716
Subtotal	404,494	46,485	2,611,285	748,185	3,015,779	794,670
Landfill obligation	1,164,689	-	-	-	1,164,689	-
Compensated absences	94,046	-	-	-	94,046	-
Total	\$ 1,663,229	\$ 46,485	\$ 2,611,285	\$ 748,185	\$ 4,274,514	\$ 794,670

Changes in Long-Term Debt

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

	<u>Balance July 1, 2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
Primary Government					
Governmental Activities					
General Fund					
Long-term note with Benchmark Community Bank for \$498,173 payable in annual installments of \$56,393 for 10 years at 2.49% interest for a fire truck.	\$ 449,085	\$ -	\$ 44,591	\$ 404,494	\$ 46,337
Long-term note with Carter Bank & Trust issued for \$270,000 payable at a rate of 3.36% for 15 years.	18,000	-	18,000	-	
Landfill obligation	1,161,936	2,753	-	1,164,689	-
Compensated absences	87,899	6,147	-	94,046	-
Total Governmental Activities	1,716,920	8,900	62,591	1,663,229	46,337
Business-Type Activities					
Enterprise Funds					
<i>Sewer Escrow Fund</i>					
Carter Bank & Trust General Obligation Refunding Bond Series 2016 payable in 12 annual installments with interest rate of 1.95%. Annual principal payments are due July 15 and semiannual interest payments are due January 15 and July 15.	973,000	-	100,000	873,000	102,000
<i>Wastewater Fund</i>					
Long-term loan with Rural Development issued June 2013 for \$1,944,000 payable over 40 years. Monthly payments are \$6,124 with an interest rate of 2.125%.	1,774,416	-	36,131	1,738,285	36,908
Total Business-Type Activities	2,747,416	-	136,131	2,611,285	138,908
Total Primary Government	\$ 4,464,336	\$ 8,900	\$ 198,722	\$ 4,274,514	\$ 185,245

Note: The Town refunded the above G.O. Refunding Bond Series 2007 with a new Series 2016 with the same bank, Carter Bank & Trust. This will result in a total debt service savings of \$125,419.70. The interest rate went from 4.25% to 1.95%.

10 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2020 is determined as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Investment in Capital Assets			
Cost of capital assets	\$ 7,658,465	\$ 8,586,299	\$ 16,244,764
Less: Accumulated depreciation	(5,024,659)	(4,519,403)	(9,544,062)
Book value	2,633,806	4,066,896	6,700,702
Less: Capital related debt	(404,494)	(2,611,285)	(3,015,779)
Net Investment in Capital Assets	<u>\$ 2,229,312</u>	<u>\$ 1,455,611</u>	<u>\$ 3,684,923</u>

11 Deferred Inflows of Resources

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, second half installments levied during the fiscal year but due after June 30, and amounts prepaid on the second half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Deferred inflows of resources from unavailable property taxes are comprised of the following:

Primary Government

General Fund

Delinquent taxes not collected within 60 days	\$ 41,675
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Total Deferred Inflows of Resources - Governmental Funds	<u>\$ 41,675</u>
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12 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Risk Sharing Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety Bond coverage is as follows:

Virginia Risk Sharing Association

Virginia W. Petersen, Treasurer	\$144,000
Sarah E. Caknipe	144,000
Public Employee Blanket Bond	25,000

13 Commitments and Contingencies

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

14 Litigation

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

15 Legal Compliance

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

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Property	\$ 77,777,400
Debt Limits per Constitution of Virginia - 10% Assessed Value	\$ 7,777,740
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross debt	<u>3,015,779</u>
Legal Debt Margin - June 30, 2020	<u>\$ 4,761,961</u>

Note: Includes all long-term general obligation bonded debt. Excludes capital leases, landfill closure, and compensated absences.

16 Pension Plan

Plan Description

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

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

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

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

Eligible Members

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

Hybrid Opt-In Election

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

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

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

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

PLAN 2

About Plan 2

Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members

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

Hybrid Opt-In Election

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

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

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

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

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

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

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

Eligible Members

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

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

**Non-Eligible Members*

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

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

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

PLAN 1

Retirement Contributions

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

Service Credit

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

Vesting

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

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

PLAN 2

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

HYBRID RETIREMENT PLAN

Retirement Contributions

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

Service Credit

Defined Benefit Component:

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

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

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

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

PLAN 1

Calculating the Benefit

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

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

Average Final Compensation

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

Service Retirement Multiplier

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

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

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

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

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

Service Retirement Multiplier

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

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

HYBRID RETIREMENT PLAN

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

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

Distribution not required, except as governed by law.

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

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

Average Final Compensation

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

Service Retirement Multiplier

Defined Benefit Component:

VRS: The retirement multiplier for the defined benefit component is 1.00%.

For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

PLAN 1
Normal Retirement Age

VRS: Age 65.

Political subdivisions hazardous duty employees:
Age 60.

Earliest Unreduced Retirement Eligibility

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

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

Earliest Reduced Retirement Eligibility

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

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

Cost-of-Living Adjustment (COLA) in Retirement

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

Eligibility:

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

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

PLAN 2
Normal Retirement Age

VRS: Normal Social Security retirement age.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Unreduced Retirement Eligibility

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

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Reduced Retirement Eligibility

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

Political subdivisions hazardous duty employees:
Same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

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

Eligibility:

Same as Plan 1

**HYBRID
RETIREMENT PLAN**
Normal Retirement Age

Defined Benefit Component:

VRS: Same as Plan 2.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

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

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:

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

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:

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

Earliest Reduced Retirement Eligibility

Defined Benefit Component:

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

Political subdivisions hazardous duty employees:
Not applicable

Defined Contribution Component:

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

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:

Same as Plan 2

Defined Contribution Component:

Not applicable

Eligibility:

Same as Plan 1 and Plan 2

PLAN 1

Exceptions to COLA Effective Dates:

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

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

Disability Coverage

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

Purchase of Prior Service

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

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

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

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2

Disability Coverage

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

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

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

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

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	27
Inactive members:	
Vested inactive members	4
Non-vested inactive members	2
LTD	-
Inactive members active elsewhere in VRS	<u>12</u>
Total inactive members	18
Active members	<u>33</u>
Total covered employees	<u><u>78</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.

If the employer used the certified rate: The Town of Chase City, Virginia's contractually required contribution rate for the year ended June 30, 2020 was 5.03% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town of Chase City, Virginia were \$59,641 and \$55,978 for the years ended June 30, 2020 and June 30, 2019, respectively.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For Town of Chase City, Virginia, the net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 rolled forward to the measurement date of June 30, 2019.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update 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	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to 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	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers 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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	\$ 6,111,302	\$ 5,829,158	\$ 282,144
Changes for the Year			
Service cost	96,283	-	96,283
Interest	414,438	-	414,438
Benefit changes	-	-	-
Assumptions changes	178,853	-	178,853
Differences between expected and actual experience	304,870	-	304,870
Contributions - employer	-	51,274	(51,274)
Contributions - employee	-	52,995	(52,995)
Net investment income	-	377,646	(377,646)
Benefit payments, including refunds	(381,521)	(381,521)	-
Refunds of employee contributions	-	(3,958)	3,958
Administrative expenses	-	(237)	237
Other changes	-	-	-
Net Changes	612,923	96,199	516,724
Balances at June 30, 2019	<u>\$ 6,724,225</u>	<u>\$ 5,925,357</u>	<u>\$ 798,868</u>

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

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

	1.00% Decrease 5.75%	Current Discount Rate 6.75%	1.00% Increase 7.75%
Political subdivision's Net Pension Liability	\$ 1,603,794	\$ 798,868	\$ 152,528

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

For the year ended June 30, 2020, the Town of Chase City, Virginia recognized pension expense of \$97,770. At June 30, 2020, the Town of Chase City, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 332,728	\$ 96,148
Change in assumptions	129,172	3,213
Net difference between projected and actual earnings on pension plan investments	-	50,264
Employer contributions subsequent to the measurement date	59,641	-
Total	<u>\$ 521,541</u>	<u>\$ 149,625</u>

\$59,641 reported as deferred outflows of resources related to pensions resulting from the Town of Chase City, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ 109,556
2022	118,776
2023	79,835
2024	4,108
2025	-
Thereafter	-

Pension Plan Data

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

17 Other Post-Employment Benefits - Group Life Insurance Program

Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City Schools Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$6,160 and \$5,787 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the entities reported a liability of \$92,429 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was .00568% as compared to .00620% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$497. 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, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,147	\$ 1,198
Net difference between projected and actual investment earnings OPEB program investments	-	1,899
Change in assumptions	5,835	2,787
Changes in proportion	2,442	10,038
Employer contributions subsequent to the measurement date	<u>6,166</u>	<u>-</u>
Total	<u>\$ 20,590</u>	<u>\$ 15,922</u>

\$6,166 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30,</u>	
2021	\$ (1,312)
2022	(1,312)
2023	(508)
2024	721
2025	810
Thereafter	103

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

Inflation	2.50%
Salary increases, including inflation -	
General state employees	3.50% - 5.35%
Teachers	3.50% - 5.95%
SPORS employees	3.50% - 4.75%
VaLORS employees	3.50% - 4.75%
JRS employees	4.50%
Locality - General employees	3.50% - 5.35%
Locality - Hazardous Duty employees	3.50% - 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

Mortality rates – General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males 115% of rates; females 130% of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70-75
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 match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Health Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year 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)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70-75
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 match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – SPORS 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – ValORS 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 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; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the four-year 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)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update 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% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update 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% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Mortality rates – 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease 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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to 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% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

Net GLI OPEB Liability

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

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,390,238
Plan Fiduciary Net Position	<u>1,762,972</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,627,266</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate 6.75%	1.00% Increase (7.75%)
State Agency's Proportionate Share of the Group Life Insurance Plan			
Net OPEB Liability	\$121,426	\$ 92,429	\$68,913

Group Life Insurance Program Fiduciary Net Position

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

18 Other Postemployment Benefits – Retiree Health Insurance

Summary of Benefit Provisions

Health Plan Eligibility

Participants in the Town of Chase City's OPEB plan must meet the Virginia Retirement System (VRS) retirement eligibility requirements described below in order to be eligible for retiree health benefits. Participants must also retire directly from active employment and be enrolled in the Town's health plan at the time of their retirement.

VRS General Employees' Plan 1

Plan 1 includes all members vested as of January 1, 2013.

- Attain age 50 with at least 10 years of service with VRS for a reduced pension benefit, or
- Attain age 55 with at least 5 years of service with VRS for a reduced pension benefit, or
- Attain age 65 with at least 5 years of service with VRS for an unreduced pension benefit, or
- Attain age 50 with at least 30 years of service with VRS for an unreduced pension benefit.

VRS General Employees' Plan 2 and Hybrid Plan

Plan 2 includes all members not vested as of January 1, 2013, and members hired on or after July 1, 2010. The Hybrid Plan includes members hired on or after January 1, 2014 or by member election.

- Attain age 60 with at least 5 years of service with VRS for a reduced pension benefit, or
- Attain 90 points (age plus service) with VRS for an unreduced pension benefit, or
- Attain Social Security Normal Retirement Age with at least 5 years of service with VRS for an unreduced pension benefit.

VRS Public Safety Employees' Plan 1 and Plan 2

Plan 1 includes members hired prior to July 1, 2010, while Plan 2 includes members hired on or after July 1, 2010. There is no Hybrid Plan for Virginia Law Officers.

- Attain age 50 with at least 5 years of service with VRS for a reduced pension benefit, or
- Attain age 60 with at least 5 years of service with VRS for an unreduced pension benefit, or
- Attain age 50 with at least 25 years of service with VRS for an unreduced pension benefit.

Health Plan Benefits

Health benefits include medical, dental, and vision. Coverage is provided to retirees, as well as their spouses and other eligible dependents.

Health benefits are offered to retirees until the earlier of Medicare eligibility or death. Health benefits are offered to dependent spouses until the earlier of the spouse's Medicare eligibility, the spouse's death, or the retiree's death. If a retiree predeceases their spouse, the spouse may continue coverage through COBRA only.

The monthly premiums shown below are for the 12-month period beginning July 1, 2019:

Plan	Retiree	Dual	Family
Key Advantage 500	\$611.00	\$1,130.00	\$1,650.00

Executive Summary

Relationship Between Valuation Date, Measurement Date, and Reporting Date

The Valuation Date is July 1, 2019. This is the date as of which the actuarial valuation is performed. The Measurement Date is June 30, 2020. This is the date as of which the total OPEB liability is determined. The Reporting Date is June 30, 2020. This is the plan's and/or employer's fiscal year ending date.

Significant Changes

There have been no significant changes between the valuation date and fiscal year end.

Participant Data as of July 1, 2019

	<u>Number</u>
Active members	28
Retirees	1
Beneficiaries	-
Spouses of retirees	-
Total covered employees	<u>29</u>

Total OPEB Liability

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Total OPEB Liability	\$ 102,062	\$ 99,384
Covered Payroll	1,146,900	1,070,812
Total OPEB liability as a % of covered payroll	8.90%	9.28%

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 74 and 75.

	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Discount Rate		
Discount rate	3.50%	2.21%
20 Year Tax-Exempt Municipal Bond Yield	3.50%	2.21%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Other Key Actuarial Assumptions

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2020 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Other Key Actuarial Assumptions

Valuation date	June 30, 2017	July 1, 2019
Measurement date	June 30, 2019	June 30, 2020
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.50%	2.50%
Medical Trend Rate	7.20% - 4.20% over 68 years	6.00% - 4.00% over 73+ years
Salary increases, including inflation	Graded Scale	Graded Scale, 5.35%-3.50% over 20+ years

Changes in Total OPEB Liability	Increase (Decrease) Total OPEB Liability
Balance as of June 30, 2019	\$ 102,062
Changes for the Year	
Service cost	8,369
Interest on total OPEB liability	3,713
Effect of plan changes	-
Effect of economic/demographic gains or losses	(7,911)
Effect of assumptions changes or inputs	1,919
Benefit payments	(8,768)
Net Changes	(2,678)
Balance as of June 30, 2020	<u>\$ 99,384</u>

Sensitivity Analysis

The following presents the total OPEB liability of the Town, calculated using the discount rate of 2.21%, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate:

1.00% Decrease (1.21%)	Discount Rate (2.21%)	1.00% Increase (3.21%)
---------------------------------------	----------------------------------	---------------------------------------

Total OPEB liability	\$ 108,467	\$ 99,384	\$ 91,060
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The following presents the total OPEB liability of the Town, calculated using the current healthcare cost trend rates as well as what the Town's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

1.00% Decrease	Current Trend Rate	1.00% Increase
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Total OPEB liability	\$ 85,815	\$ 99,384	\$ 115,863
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Deferred Outflows/Inflows of Resources

As of June 30, 2020, the deferred outflows and inflows of resources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 6,570
Change in assumptions	3,108	1,077
Total	<u>\$ 3,108</u>	<u>\$ 7,647</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

**Year Ended
June 30,**

2021	\$ (744)
2022	(851)
2023	(1,016)
2024	(1,016)
2025	(912)
Thereafter*	-

*Note that additional future deferred outflows and inflows of resources may impact these numbers.

19 Fund Balances – Governmental Funds

As of June 30, 2020, fund balances are composed of the following:

		<u>Primary Government</u>				
	<u>General</u>	<u>CDBG #25</u>	<u>CDBG #20</u>	<u>Cemetery</u>	<u>Woodland</u>	<u>Total</u>
	<u>Fund</u>	<u>West 4th</u>	<u>Endly</u>	<u>Fund</u>	<u>Cemetery</u>	<u>Governmental</u>
		<u>Street</u>	<u>Street</u>		<u>Fund</u>	<u>Funds</u>
		<u>Phase Two</u>				
Restricted for						
Block grant expenditures	\$ -	\$ 47,644	\$ 81	\$ -	\$ -	\$ 47,725
Cemetery	-	-	-	-	2,126,932	2,126,932
Assigned for						
Future operating costs	-	-	-	42,573	-	42,573
Nonspendable						
Inventory	14,732	-	-	-	-	14,732
	<u>\$ 14,732</u>	<u>\$ 47,644</u>	<u>\$ 81</u>	<u>\$ 42,573</u>	<u>\$ 2,126,932</u>	<u>\$ 2,231,962</u>

20 Landfill Closure and Post-Closure Costs

State and Federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The Town will recognize the remaining estimated cost of closure and post-closure care of \$1,164,689 as the cost to finalize closure of its landfill. These amounts are based on what it would cost to perform all closure and post-closure care in 2020. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The Town is paying this cost on an annual pay-as-you-go basis. Using June 30, 2020 financial data, the Town has not met the EPA's financial assurance requirements.

21 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2020 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2020. Management has performed their analysis through January 22, 2021.

REQUIRED SUPPLEMENTARY INFORMATION



Town of Chase City, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
General Fund				
Revenues				
General Property Taxes				
Real and personal property taxes	\$ 485,000	\$ 485,000	\$ 491,365	\$ 6,365
Delinquent taxes	29,000	29,000	26,278	(2,722)
Interest on taxes	4,700	4,700	3,640	(1,060)
Penalties on taxes	6,500	6,500	5,764	(736)
Total General Property Taxes	525,200	525,200	527,047	1,847
Other Local Taxes				
Local sales and use taxes	280,000	280,000	272,857	(7,143)
Utility and consumption taxes	92,000	92,000	68,954	(23,046)
Business license taxes	120,000	120,000	97,723	(22,277)
Motor vehicle licenses	26,000	26,000	18,124	(7,876)
Bank franchise tax	69,000	69,000	75,414	6,414
Meals tax	205,000	205,000	198,534	(6,466)
Total Other Local Taxes	792,000	792,000	731,606	(60,394)
Permits, Privilege Fees, and Regulatory Licenses				
Other permits, licenses, and fees	400	400	210	(190)
Total Permits, Privilege Fees, and Regulatory Licenses	400	400	210	(190)
Fines and Forfeitures	28,750	28,750	37,575	8,825
Revenue from Use of Money and Property				
Revenue from use of money	17,015	17,015	13,609	(3,406)
Revenue from use of property	9,100	9,100	6,571	(2,529)
Total Use of Money and Property	26,115	26,115	20,180	(5,935)
Charges for Services				
Garbage fees	193,500	193,500	193,408	(92)
Miscellaneous charges	10,000	10,000	4,270	(5,730)
Total Charges for Services	203,500	203,500	197,678	(5,822)
Recovered Costs				
Fire department reimbursements for new truck	56,394	56,394	56,393	(1)
Total Recovered Costs	56,394	56,394	56,393	(1)
Miscellaneous				
Other miscellaneous	34,250	34,250	34,632	382
Donations	-	-	120,000	120,000
Administrative fee for delinquent taxes	9,500	9,500	10,571	1,071
Total Miscellaneous	43,750	43,750	165,203	121,453

Variance
With
Final Budget
Positive
(Negative)

Original
Budget

Final
Budget

Actual

Intergovernmental

Revenue from the Commonwealth of Virginia

Noncategorical Aid

Communications taxes	56,000	56,000	43,782	(12,218)
Personal Property Tax Relief Act	66,000	66,000	65,899	(101)
Rolling stock taxes - motor vehicle carriers tax	1,500	1,500	1,293	(207)
Total Noncategorical Aid	123,500	123,500	110,974	(12,526)

Categorical Aid

Law enforcement grant	61,000	61,000	63,368	2,368
Drug forfeiture funds	3,500	3,500	-	(3,500)
Street highway funds	470,000	470,000	464,898	(5,102)
Dept. of Emergency Management	-	-	6,470	6,470
U Haul	900	900	364	(536)
Litter control	1,600	1,600	1,014	(586)
Fire program	10,000	10,000	10,000	-
Total Categorical Aid	547,000	547,000	546,114	(886)

Total Revenue from the Commonwealth
of Virginia

670,500 670,500 657,088 (13,412)

Revenue from the Federal Government

Dept. of Emergency Management	-	-	25,540	25,540
Transportation Highway Safety Grant	6,500	6,500	4,792	(1,708)

Total Revenue from the Federal Government 6,500 6,500 30,332 23,832

Total Intergovernmental Revenue 677,000 677,000 687,420 10,420

Total Revenues 2,353,109 2,353,109 2,423,312 70,203

Expenditures

Current

General Government Administration

Town Council	92,763	92,763	78,600	14,163
Town Manager	106,554	106,554	101,221	5,333
Treasurer	183,924	183,924	174,273	9,651
Electoral Board	1,900	1,900	1,861	39
Data Processing	22,645	22,645	23,478	(833)
Total General Government Administration	407,786	407,786	379,433	28,353

Public Safety

Police Department	791,298	791,298	876,259	(84,961)
Rescue Squad	1,000	1,000	1,000	-
Fire Department	71,676	71,676	66,604	5,072
Total Public Safety	863,974	863,974	943,863	(79,889)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Works</i>				
Maintenance of highways, streets, bridges, sidewalks	494,839	494,839	459,546	35,293
Refuse disposal	278,813	278,813	319,255	(40,442)
Maintenance of buildings and grounds	167,488	167,488	138,844	28,644
Total Public Works	941,140	941,140	917,645	23,495
<i>Parks, Recreation, and Cultural</i>				
Regional library	15,675	15,675	11,900	3,775
Recreation	16,775	16,775	14,839	1,936
Total Parks, Recreation, and Cultural	32,450	32,450	26,739	5,711
<i>Community Development</i>				
Zoning	650	650	559	91
Airport	10,000	10,000	8,396	1,604
Economic Development	7,100	7,100	7,000	100
Total Community Development	17,750	17,750	15,955	1,795
<i>Debt Service</i>	90,009	90,009	89,971	38
Total Expenditures	2,353,109	2,353,109	2,373,606	(20,497)
Excess (Deficiency) of Revenues Over Expenditures	-	-	49,706	49,706
Other Financing Sources (Uses)				
Transfers in from other funds	-	-	-	-
Transfers out to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	49,706	<u>\$ 49,706</u>
Fund Balance - Beginning of Year			1,358,056	
Change in Inventory			1,542	
Fund Balance - End of Year			<u>\$ 1,409,304</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Cemetery Fund				
Revenues				
Revenue from Use of Money and Property				
Revenue from use of money	\$ 360	\$ 360	\$ 598	\$ 238
Revenue from use of property	<u>10,700</u>	<u>10,700</u>	<u>8,100</u>	<u>(2,600)</u>
Total Use of Money and Property	11,060	11,060	8,698	(2,362)
Charges for Services - Grave Digging	10,500	10,500	9,125	(1,375)
Miscellaneous	<u>200</u>	<u>200</u>	<u>220</u>	<u>20</u>
Total Revenues	21,760	21,760	18,043	(3,717)
Expenditures				
Current				
<i>Parks, Recreation, and Cultural</i>				
Cemetery Expenses	<u>21,760</u>	<u>21,760</u>	<u>9,307</u>	<u>12,453</u>
Total Expenditures	<u>21,760</u>	<u>21,760</u>	<u>9,307</u>	<u>12,453</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	8,736	8,736
Other Financing Sources (Uses)				
Transfers out to other funds	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	8,736	<u>\$ 8,736</u>
Fund Balance - Beginning of Year			33,837	
Fund Balance - End of Year			<u>\$ 42,573</u>	

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Woodland Cemetery Fund				
Revenues				
Revenue from Use of Money and Property				
Revenue from use of money	\$ 54,435	\$ 54,435	\$ 92,083	\$ 37,648
Total Revenues	54,435	54,435	92,083	37,648
Expenditures				
Current				
<i>Parks, Recreation, and Cultural Cemetery Expenses</i>	54,435	54,435	85,631	(31,196)
Total Expenditures	54,435	54,435	85,631	(31,196)
Excess (Deficiency) of Revenues Over Expenditures	-	-	6,452	6,452
Other Financing Sources (Uses)				
Transfer from general fund	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	6,452	<u>\$ 6,452</u>
Fund Balance - Beginning of Year			2,120,480	
Fund Balance - End of Year			<u>\$ 2,126,932</u>	

Town of Chase City, Virginia

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

For the Plan Years Ended June 30

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability						
Service cost	\$ 96,283	\$ 92,551	\$ 97,803	\$ 100,448	\$ 97,609	\$ 95,110
Interest	414,438	387,779	419,693	416,635	403,747	387,961
Changes in benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	304,870	260,626	(593,467)	(158,628)	(70,433)	-
Changes of assumptions	178,853	-	(19,839)	-	-	-
Benefit payments	<u>(381,521)</u>	<u>(338,702)</u>	<u>(381,511)</u>	<u>(248,021)</u>	<u>(245,598)</u>	<u>(269,521)</u>
Net change in total pension liability	612,923	402,254	(477,321)	110,434	185,325	213,550
Total pension liability - beginning	<u>6,111,302</u>	<u>5,709,048</u>	<u>6,186,369</u>	<u>6,075,935</u>	<u>5,890,610</u>	<u>5,677,060</u>
Total pension liability - ending (a)	<u>\$ 6,724,225</u>	<u>\$ 6,111,302</u>	<u>\$ 5,709,048</u>	<u>\$ 6,186,369</u>	<u>\$ 6,075,935</u>	<u>\$ 5,890,610</u>
Plan fiduciary net position						
Contributions - employer	\$ 51,274	\$ 85,940	\$ 82,383	\$ 123,577	\$ 122,209	\$ 114,470
Contributions - employee	52,995	56,857	53,622	55,868	55,343	53,224
Net investment income	377,646	410,764	624,819	90,214	230,486	699,769
Benefit payments	<u>(381,521)</u>	<u>(338,702)</u>	<u>(381,511)</u>	<u>(248,021)</u>	<u>(245,598)</u>	<u>(269,521)</u>
Administrator charges	<u>(3,958)</u>	<u>(3,635)</u>	<u>(3,777)</u>	<u>(3,245)</u>	<u>(3,175)</u>	<u>(3,822)</u>
Other	<u>(237)</u>	<u>(362)</u>	<u>(549)</u>	<u>(38)</u>	<u>(50)</u>	<u>37</u>
Net change in plan fiduciary net position	96,199	210,862	374,987	18,355	159,215	594,157
Plan fiduciary net position - beginning	<u>5,829,158</u>	<u>5,618,296</u>	<u>5,243,309</u>	<u>5,224,954</u>	<u>5,065,739</u>	<u>4,471,582</u>
Plan fiduciary net position - ending (b)	<u>\$ 5,925,357</u>	<u>\$ 5,829,158</u>	<u>\$ 5,618,296</u>	<u>\$ 5,243,309</u>	<u>\$ 5,224,954</u>	<u>\$ 5,065,739</u>
Political subdivision's net pension liability - ending (a) - (b)	<u>\$ 798,868</u>	<u>\$ 282,144</u>	<u>\$ 90,752</u>	<u>\$ 943,060</u>	<u>\$ 850,981</u>	<u>\$ 824,871</u>
Plan fiduciary net position as a percentage of the total Pension liability	88.12%	95.38%	98.41%	84.76%	85.99%	86.00%
Covered payroll	1,112,881	1,096,588	1,070,207	1,128,484	1,144,446	1,050,148
Political subdivision's net pension liability as a percentage of covered payroll	71.78%	25.73%	8.48%	83.57%	74.36%	78.55%

Town of Chase City, Virginia

Schedule of Employer Contributions

Political Subdivisions Retirement Plan

For the Years Ended June 30, 2011 through 2020

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 59,641	\$ 59,641	\$ -	\$ 1,185,697	5.03%
2019	55,978	55,978	-	1,112,881	5.03%
2018	87,727	87,727	-	1,096,588	8.00%
2017	85,617	85,617	-	1,070,207	8.00%
2016	124,133	124,133	-	1,128,484	11.00%
2015	125,889	125,889	-	1,144,446	11.00%
2014	112,891	112,891	-	1,050,148	10.75%
2013	112,322	112,322	-	1,044,854	10.75%
2012	39,988	39,988	-	977,696	4.09%
2011	38,535	38,535	-	942,183	4.09%

For Reference Only:

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

Column 2 – Actual employer contribution remitted to VRS

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

Town of Chase City, Virginia

Notes to Required Supplementary Information

For the Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation 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:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update 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	Increase rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update 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	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

Town of Chase City, Virginia

Schedule of Employer's Share of Net OPEB Liability Group Life Insurance For the Measurement Dates of June 30, 2019, 2018 and 2017

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	\$ 92,429	\$	94,000	\$	89,000
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	0.005680%		0.006200%		0.005950%
Employer's Covered Payroll	1,112,881		1,096,588		1,070,207
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	8.31%		8.57%		8.32%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.00%		51.22%		48.86%

*Schedule is intended to show information for 10 years.
Since 2019 is the third year of presentation, only three years of data are available. However, additional years will be included as they become available.*

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 127 of the VRS 2019 Comprehensive Annual Financial Report (CAFR).

Town of Chase City, Virginia

Schedule of Employer Contributions

Group Life Insurance OPEB Plan

For the Years Ended June 30, 2011 through 2020

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2020	\$ 6,166	\$ 6,166	\$ -	\$ 1,185,697	0.52%
2019	5,787	5,787	-	1,112,881	0.52%
2018	6,100	6,100	-	1,096,588	0.52%
2017	5,704	5,704	-	1,070,207	0.52%
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A

For Reference Only

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

Column 2 – Actual employer contribution remitted to VRS

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

Town of Chase City, Virginia

Notes to Required Supplementary Information – Group Life Insurance

For the Year Ended June 30, 2020

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2018 valuation 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:

General State 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 rates at older ages and changed final retirement from 70-75
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 match experience
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 25%
Discount Rate	Decrease rate from 7.00% to 6.75%

Teachers

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 70-75
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 match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

SPORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%
Discount Rate	Decrease rate from 7.00% to 6.75%

VaLORS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
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 match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%
Discount Rate	Decrease rate from 7.00% to 6.75%

JRS Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

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% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

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	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%
Discount Rate	Decrease 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% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

Town of Chase City, Virginia

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

Retiree Health Insurance

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 8,369	\$ 7,834	\$ 8,084
Interest on total OPEB liability	3,713	3,709	3,121
Effect of plan changes	-	-	-
Effect of economic/demographic gains (losses)	(7,911)	-	-
Effect of assumption changes or inputs	1,919	3,406	(3,099)
Benefit payments	<u>(8,768)</u>	<u>(1,810)</u>	<u>(488)</u>
Net change in total OPEB liability	(2,678)	13,139	7,618
Total OPEB liability - beginning	<u>102,062</u>	<u>88,923</u>	<u>81,305</u>
Total OPEB liability - ending	<u>\$ 99,384</u>	<u>\$ 102,062</u>	<u>\$ 88,923</u>
 Covered payroll	 \$ 1,070,812	 \$ 1,146,900	 \$ 1,146,900
 Total OPEB liability as a % of covered payroll	 9.28%	 8.90%	 7.75%

Trend information is not available for the years 2017 back.

Town of Chase City, Virginia

Schedule of Employer Contributions for OPEB Retiree Health Insurance

For the Years Ended June 30, 2011 through 2020

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2020	\$ -	\$ -	\$ -	\$ 1,070,812	0.00%
2019	-	-	-	1,146,900	0.00%
2018	-	-	-	1,146,900	0.00%
2017	-	-	-	1,146,900	0.00%
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A

Note: This schedule should present 10 years of data; however, the information prior to fiscal year 2016 is not available.

COMPLIANCE SECTION





**Creedle
Jones
& Associates**

A Professional Corporation

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

To the Town Council
Town of Chase City, 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 the Town of Chase City, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Chase City, Virginia's basic financial statements, and have issued our report thereon dated January 22, 2021.

Internal Control Over Financial Reporting

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

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

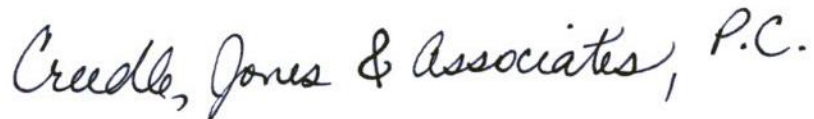
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

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

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

South Hill, Virginia
January 22, 2021