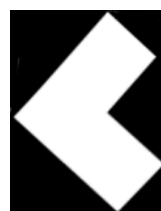


Town of Keysville, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2022



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

Town of Keysville, Virginia

Table of Contents

Year Ended June 30, 2022

	Pages
FINANCIAL SECTION	
Independent Auditor's Report	i-iii
Management's Discussion and Analysis	1-8

Basic Financial Statements

Exhibits

Government-Wide Financial Statements

1	Statement of Net Position	9
2	Statement of Activities	10

Fund Financial Statements

3	Balance Sheet – Governmental Funds and Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	11-12
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	13-14
5	Statement of Net Position – Proprietary Funds	15
6	Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	16
7	Statement of Cash Flows – Proprietary Funds	17
	Notes to the Financial Statements	18-33

Required Supplementary Information

Exhibit

8	Budgetary Comparison Schedule – General Fund	34-36
---	--	-------

Other Information

Table

1	Pledged Revenue Coverage - Water and Sewer Revenue Bonds	37
---	--	----

COMPLIANCE SECTION

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*

38-39

FINANCIAL SECTION



**Creedle
Jones
& Associates**

A Professional Corporation

Robin B. Jones, CPA, CFP
Kimberly W. Jackson, CPA

Nadine L. Chase, CPA

Sherwood H. Creedle, Founder

Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Keysville, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Keysville, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Keysville, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Keysville, Virginia, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 8 and 34 through 36 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2023, on our consideration of the Town of Keysville, 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 Keysville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Keysville, Virginia's internal control over financial reporting and compliance.

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
August 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Keysville, Virginia presents the following discussion and analysis as an overview of the Town of Keysville, Virginia's financial activities for the fiscal year ending June 30, 2022. 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 \$1,180,393.78. Of this amount, \$991,769.12 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 \$2,032,174.61 with an unrestricted balance of \$11,419.55.
- The Town's total net position decreased by \$1,556.13 during the current fiscal year. Of this amount, an increase of \$49,706.30 is related to governmental activities and a decrease of \$51,262.43 is attributed to business-type activities.
- As of June 30, 2022, the Town's Governmental Funds reported combined ending fund balances of \$1,018,152.50, an increase of \$32,553.44 in comparison with the prior year. Approximately 94.75% of this amount is available for spending at the Town's discretion (unassigned fund balance).
- At the end of fiscal year 2022, the unassigned fund balance was \$964,729.42 or approximately 175.50% 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 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, and parks, recreation and cultural. 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.

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, which is considered to be a major fund.

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 supplementary information such as budgetary comparison schedules.

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, 2022 and 2021

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets						
Current and other assets	\$ 1,253,971.89	\$ 1,354,843.54	\$ 111,198.84	\$ 122,008.32	\$ 1,365,170.73	\$ 1,476,851.86
Capital assets (net)	<u>135,201.58</u>	<u>129,441.51</u>	<u>2,626,757.47</u>	<u>2,757,494.76</u>	<u>2,761,959.05</u>	<u>2,886,936.27</u>
Total Assets	<u>\$ 1,389,173.47</u>	<u>\$ 1,484,285.05</u>	<u>\$ 2,737,956.31</u>	<u>\$ 2,879,503.08</u>	<u>\$ 4,127,129.78</u>	<u>\$ 4,363,788.13</u>
Liabilities						
Other liabilities	\$ 208,779.69	\$ 353,597.57	\$ 19,422.27	\$ 24,121.40	\$ 228,201.96	\$ 377,718.97
Long-term liabilities	<u>-</u>	<u>-</u>	<u>686,359.43</u>	<u>771,944.64</u>	<u>686,359.43</u>	<u>771,944.64</u>
Total Liabilities	208,779.69	353,597.57	705,781.70	796,066.04	914,561.39	1,149,663.61
Net Assets						
Net investment in capital assets	135,201.58	129,441.51	1,940,398.04	1,985,550.12	2,075,599.62	2,114,991.63
Restricted	53,423.08	50,354.51	80,357.02	80,357.02	133,780.10	130,711.53
Unrestricted	<u>991,769.12</u>	<u>950,891.46</u>	<u>11,419.55</u>	<u>17,529.90</u>	<u>1,003,188.67</u>	<u>968,421.36</u>
Total Net Position	<u>1,180,393.78</u>	<u>1,130,687.48</u>	<u>2,032,174.61</u>	<u>2,083,437.04</u>	<u>3,212,568.39</u>	<u>3,214,124.52</u>
Total Liabilities and Net Position	<u>\$ 1,389,173.47</u>	<u>\$ 1,484,285.05</u>	<u>\$ 2,737,956.31</u>	<u>\$ 2,879,503.08</u>	<u>\$ 4,127,129.78</u>	<u>\$ 4,363,788.13</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, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for services	\$ 105.00	\$ 140.00	\$ 359,429.10	\$ 356,725.50	\$ 359,534.10	\$ 356,865.50
Operating grants and contributions	163,999.50	137,326.00	6,400.00	-	170,399.50	137,326.00
General Revenues						
General property taxes, real and personal	113,239.88	105,124.00	-	-	113,239.88	105,124.00
Other taxes	346,242.05	307,163.72	-	-	346,242.05	307,163.72
Unrestricted revenues from use of money and property	5,434.56	6,182.31	-	-	5,434.56	6,182.31
Grants and contributions not restricted to specific programs	16,786.27	32,784.56	-	-	16,786.27	32,784.56
Miscellaneous	9,313.74	60,341.57	909.20	-	10,222.94	60,341.57
Total Revenues	655,121.00	649,062.16	366,738.30	356,725.50	1,021,859.30	1,005,787.66
Expenses						
General government administration	316,086.18	187,920.31	-	-	316,086.18	187,920.31
Public safety	42,364.63	53,014.63	-	-	42,364.63	53,014.63
Public works	172,683.49	104,777.82	-	-	172,683.49	104,777.82
Parks, recreation, and cultural	12,794.58	2,837.58	-	-	12,794.58	2,837.58
Water and sewer	-	-	479,486.55	555,589.63	479,486.55	555,589.63
Total Expenses	543,928.88	348,550.34	479,486.55	555,589.63	1,023,415.43	904,139.97
Increase (Decrease) in Net Position Before Transfers	111,192.12	300,511.82	(112,748.25)	(198,864.13)	(1,556.13)	101,647.69
Transfers	(61,485.82)	(281,554.61)	61,485.82	281,554.61	-	-
Change in Net Position	49,706.30	18,957.21	(51,262.43)	82,690.48	(1,556.13)	101,647.69
Beginning Net Position	1,130,687.48	1,111,730.27	2,083,437.04	2,000,746.56	3,214,124.52	3,112,476.83
Ending Net Position	\$ 1,180,393.78	\$ 1,130,687.48	\$ 2,032,174.61	\$ 2,083,437.04	\$ 3,212,568.39	\$ 3,214,124.52

Governmental activities increased the Town's net position by \$49,706.30 with a total net position of \$1,180,393.78 at the end of the fiscal year. Revenues from governmental activities totaled \$655,121.00. Other taxes comprise the largest source of these revenues, totaling \$346,242.05 or 52.85% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$543,928.88. General government administration was the Town's largest program with expenses totaling \$316,086.18. Public works, which totals \$172,683.49, 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, 2022 and 2021

	<u>2022</u>		<u>2021</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>
Net Cost of Governmental Activities				
General government administration	\$ 316,086.18	\$ (166,981.68)	\$ 187,920.31	\$ (50,594.31)
Public safety	42,364.63	(27,364.63)	53,014.63	(52,874.63)
Public works	172,683.49	(172,683.49)	104,777.82	(104,777.82)
Parks, recreation, and cultural	<u>12,794.58</u>	<u>(12,794.58)</u>	<u>2,837.58</u>	<u>(2,837.58)</u>
Total	<u>\$ 543,928.88</u>	<u>\$ (379,824.38)</u>	<u>\$ 348,550.34</u>	<u>\$ (211,084.34)</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 \$1,018,152.50. The combined governmental fund balance increased \$32,553.44 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 \$964,729.42. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 175.50% of total fund expenditures, while total fund balance represents 185.22% 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, 2022 and 2021

	Original Budget	2022 Final Budget	Actual	Original Budget	2021 Final Budget	Actual
Revenues						
Taxes	\$ 101,000.00	\$ 101,000.00	\$ 101,847.09	\$ 101,000.00	\$ 101,000.00	\$ 106,249.23
Other	289,337.00	289,337.00	361,095.35	315,100.00	315,100.00	373,827.80
Intergovernmental	<u>31,900.00</u>	<u>31,900.00</u>	<u>180,785.77</u>	<u>31,087.00</u>	<u>31,087.00</u>	<u>170,110.56</u>
Total Revenues	422,237.00	422,237.00	643,728.21	447,187.00	447,187.00	650,187.59
Expenditures	<u>422,237.00</u>	<u>422,237.00</u>	<u>549,688.95</u>	<u>405,495.00</u>	<u>405,495.00</u>	<u>359,420.63</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	94,039.26	41,692.00	41,692.00	290,766.96
Other Financing Sources (Uses)						
Transfers out	<u>-</u>	<u>-</u>	<u>(61,485.82)</u>	<u>(41,692.00)</u>	<u>(41,692.00)</u>	<u>(281,554.61)</u>
Total	<u>-</u>	<u>-</u>	<u>(61,485.82)</u>	<u>(41,692.00)</u>	<u>(41,692.00)</u>	<u>(281,554.61)</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,553.44</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,212.35</u>

The Town did not make budget amendments for grant funds received during FY22.

Actual revenues were more than final budget amounts by \$221,491.21 or 52.46%, while actual expenditures were \$127,451.95 or 30.18% more than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2022, the Town's governmental activities net capital assets total \$135,201.58, which represents a net increase of \$5,760.07 or 4.45% over the previous fiscal year-end balance. The business-type activities net capital assets total \$2,626,757.47, a decrease of \$130,737.29 or 4.74% over the previous fiscal year.

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2021</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2022</u>
Buildings and improvements	\$ 333,999.00	\$ -	\$ 333,999.00
Furniture, equipment, and vehicles	<u>165,604.05</u>	<u>14,490.00</u>	<u>180,094.05</u>
Total Capital Assets	499,603.05	14,490.00	514,093.05
Less: Accumulated depreciation and amortization	<u>(370,161.54)</u>	<u>(8,729.93)</u>	<u>(378,891.47)</u>
Total Capital Assets, Net	<u>\$ 129,441.51</u>	<u>\$ 5,760.07</u>	<u>\$ 135,201.58</u>

Business-Type Activities

	<u>Balance July 1, 2021</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2022</u>
Buildings and improvements	\$ 8,185,466.59	\$ -	\$ 8,185,466.59
Total Capital Assets	8,185,466.59	-	8,185,466.59
Less: Accumulated depreciation and amortization	<u>(5,427,971.83)</u>	<u>(130,737.29)</u>	<u>(5,558,709.12)</u>
Total Capital Assets, Net	<u>\$ 2,757,494.76</u>	<u>\$ (130,737.29)</u>	<u>\$ 2,626,757.47</u>

Long-Term Debt

As of June 30, 2022, the Town's long-term obligations total \$686,359.43.

	<u>Balance July 1, 2021</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2022</u>
Business-Type Activities			
Long-term debt	\$ 771,944.64	\$ (85,585.21)	\$ 686,359.43
Total Business-Type Activities	<u>771,944.64</u>	<u>(85,585.21)</u>	<u>686,359.43</u>
Total Primary Government	<u>\$ 771,944.64</u>	<u>\$ (85,585.21)</u>	<u>\$ 686,359.43</u>

More detailed information on the Town's long-term obligations is presented in Note 8 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget.

The average unemployment rate for the Town of Keysville, Virginia in June 2022, which uses Charlotte County, Virginia's rate, was 2.8%. This compares favorably to the state's rate of 2.9% and to the national rate of 3.8%.

The estimate in April 2020 by the University of Virginia Weldon Cooper Center is a population of 807.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2023, which accounts for most of the Town's operational costs. The fiscal year 2023 adopted budget anticipates General Fund revenues and expenditures to be \$429,600, a 1.74% increase over the fiscal year 2022 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 Clerk, Town of Keysville, Virginia, P.O. Box 42, Keysville, Virginia 23947, telephone 434-736-9551.

BASIC FINANCIAL STATEMENTS

Town of Keysville, Virginia

Statement of Net Position

At June 30, 2022

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and investments	\$ 1,158,027.01	\$ 10,000.00	\$ 1,168,027.01
Cash and investments, restricted	53,423.08	80,357.02	133,780.10
Receivables	<u>42,521.80</u>	<u>20,841.82</u>	<u>63,363.62</u>
Total Current Assets	1,253,971.89	111,198.84	1,365,170.73
Capital Assets			
Buildings and improvements	45,893.69	2,626,757.47	2,672,651.16
Furniture, equipment, and vehicles	<u>89,307.89</u>	<u>-</u>	<u>89,307.89</u>
Capital Assets, Net	<u>135,201.58</u>	<u>2,626,757.47</u>	<u>2,761,959.05</u>
Total Assets	<u>\$ 1,389,173.47</u>	<u>\$ 2,737,956.31</u>	<u>\$ 4,127,129.78</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	\$ 7,977.69	\$ 19,422.27	\$ 27,399.96
Unearned grant	<u>200,802.00</u>	<u>-</u>	<u>200,802.00</u>
Total Current Liabilities	208,779.69	19,422.27	228,201.96
Long-Term Liabilities			
<i>Due within one year</i>			
Bonds, loans, and other	-	62,954.71	62,954.71
<i>Due in more than one year</i>			
Bonds, loans, and other	<u>-</u>	<u>623,404.72</u>	<u>623,404.72</u>
Total Liabilities	208,779.69	705,781.70	914,561.39
Net Position			
Net investment in capital assets	135,201.58	1,940,398.04	2,075,599.62
Restricted	53,423.08	80,357.02	133,780.10
Unrestricted	<u>991,769.12</u>	<u>11,419.55</u>	<u>1,003,188.67</u>
Total Net Position	<u>1,180,393.78</u>	<u>2,032,174.61</u>	<u>3,212,568.39</u>
Total Liabilities and Net Position	<u>\$ 1,389,173.47</u>	<u>\$ 2,737,956.31</u>	<u>\$ 4,127,129.78</u>

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

Town of Keysville, Virginia

Statement of Activities

For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Business-Type Activities</u>	<u>Total</u>
Primary Government						
Governmental Activities						
General government administration	\$ 316,086.18	\$ 105.00	\$ 148,999.50	\$ (166,981.68)		\$ (166,981.68)
Public safety	42,364.63	-	15,000.00	(27,364.63)		(27,364.63)
Public works	172,683.49	-	-	(172,683.49)		(172,683.49)
Parks, recreation, and cultural	12,794.58	-	-	(12,794.58)		(12,794.58)
Total Governmental Activities	543,928.88	105.00	163,999.50	(379,824.38)		(379,824.38)
Business-Type Activities						
Water Fund	272,305.84	179,580.32	6,400.00		\$ (86,325.52)	(86,325.52)
Sewer Fund	199,639.39	179,848.78	-		(19,790.61)	(19,790.61)
Interest on long-term debt	7,541.32	-	-		(7,541.32)	(7,541.32)
Total Business-Type Activities	479,486.55	359,429.10	6,400.00		(113,657.45)	(113,657.45)
Total Primary Government	<u>\$ 1,023,415.43</u>	<u>\$ 359,534.10</u>	<u>\$ 170,399.50</u>			(493,481.83)
General Revenues						
Taxes						
General property taxes, real and personal				113,239.88	-	113,239.88
Other local taxes				346,242.05	-	346,242.05
Unrestricted revenues from use of money and property				5,434.56	-	5,434.56
Grants and contributions not restricted to specific programs				16,786.27	-	16,786.27
Miscellaneous				9,313.74	909.20	10,222.94
Transfers				<u>(61,485.82)</u>	<u>61,485.82</u>	<u>-</u>
Total General Revenues and Transfers				<u>429,530.68</u>	<u>62,395.02</u>	<u>491,925.70</u>
Change in Net Position				49,706.30	(51,262.43)	(1,556.13)
Net Position - Beginning of Year				<u>1,130,687.48</u>	<u>2,083,437.04</u>	<u>3,214,124.52</u>
Net Position - End of Year				<u>\$ 1,180,393.78</u>	<u>\$ 2,032,174.61</u>	<u>\$ 3,212,568.39</u>

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

Town of Keysville, Virginia

Balance Sheet

Governmental Funds

At June 30, 2022

	General Fund
Assets	
Cash	\$ 1,158,027.01
Cash - restricted	53,423.08
Property taxes receivable	27,039.70
Accounts receivable - other	<u>15,482.10</u>
Total Assets	<u><u>\$ 1,253,971.89</u></u>
Liabilities	
Accounts payable and accrued liabilities	\$ 7,977.69
Unearned grant	<u>200,802.00</u>
Total Liabilities	208,779.69
Deferred Inflows of Resources	
Unavailable revenue - taxes	<u>27,039.70</u>
Total Deferred Inflows of Resources	27,039.70
Fund Balance	
Restricted	53,423.08
Unassigned	<u>964,729.42</u>
Total Fund Balance	<u><u>1,018,152.50</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,253,971.89</u></u>

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

Town of Keysville, Virginia

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

At June 30, 2022

Total Fund Balances for Governmental Funds	\$1,018,152.50
--	----------------

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:

Buildings and improvements, net of accumulated depreciation	\$ 45,893.69
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>89,307.89</u>

Total Capital Assets	135,201.58
----------------------	------------

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds financial statements.

Unavailable revenue - taxes	<u>27,039.70</u>
-----------------------------	------------------

Total Net Position of Governmental Activities	<u><u>\$1,180,393.78</u></u>
---	------------------------------

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

Town of Keysville, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2022

	General Fund
Revenues	
Property taxes	\$ 101,847.09
Other local taxes	346,242.05
Use of money and property	5,434.56
Premits, licenses and fees	105.00
Miscellaneous	9,313.74
<i>Intergovernmental</i>	
Revenue from the Commonwealth of Virginia	31,786.27
Revenue from the Federal Government	<u>148,999.50</u>
Total Revenues	643,728.21
Expenditures	
General government administration	314,077.91
Public safety	39,800.00
Public works	184,309.57
Parks, recreation, and cultural	<u>11,501.47</u>
Total Expenditures	<u>549,688.95</u>
Excess (Deficiency) of Revenues Over Expenditures	94,039.26
Other Financing Sources (Uses)	
Transfers	<u>(61,485.82)</u>
Total Other Financing Sources (Uses)	<u>(61,485.82)</u>
Net Change in Fund Balance	32,553.44
Fund Balance - Beginning of Year	<u>985,599.06</u>
Fund Balance - End of Year	<u><u>\$ 1,018,152.50</u></u>

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

Town of Keysville, 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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 32,553.44
--	--------------

**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	26,445.00	
Depreciation	<u>(20,684.93)</u>	
		5,760.07

Revenue in the Statement of Activities that do not provide current financial resources are deferred in the fund statements.	<u>11,392.79</u>
--	------------------

Change in Net Position of Governmental Activities	<u>\$ 49,706.30</u>
---	---------------------

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

Town of Keysville, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2022

Assets

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Current Assets			
Cash	\$ 10,000.00	\$ -	\$ 10,000.00
Cash - restricted	37,374.16	42,982.86	80,357.02
Accounts receivable	<u>10,439.91</u>	<u>10,401.91</u>	<u>20,841.82</u>
Total Current Assets	57,814.07	53,384.77	111,198.84
Capital Assets			
Buildings and improvements	6,325,807.29	1,859,659.30	8,185,466.59
Less: Accumulated depreciation	<u>(4,174,317.48)</u>	<u>(1,384,391.64)</u>	<u>(5,558,709.12)</u>
Total Capital Assets	<u>2,151,489.81</u>	<u>475,267.66</u>	<u>2,626,757.47</u>
Total Assets	<u>\$ 2,209,303.88</u>	<u>\$ 528,652.43</u>	<u>\$ 2,737,956.31</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 4,198.84	\$ 15,223.43	\$ 19,422.27
Current portion of general obligation bonds	<u>19,971.86</u>	<u>42,982.85</u>	<u>62,954.71</u>
Total Current Liabilities	24,170.70	58,206.28	82,376.98
Noncurrent Liabilities			
General obligation bonds (net of current portion)	<u>603,130.47</u>	<u>20,274.25</u>	<u>623,404.72</u>
Total Noncurrent Liabilities	<u>603,130.47</u>	<u>20,274.25</u>	<u>623,404.72</u>
Total Liabilities	627,301.17	78,480.53	705,781.70
Net Position			
Net investment in capital assets	1,528,387.48	412,010.56	1,940,398.04
Restricted	37,374.16	42,982.86	80,357.02
Unrestricted (Deficit)	<u>16,241.07</u>	<u>(4,821.52)</u>	<u>11,419.55</u>
Total Net Position	<u>1,582,002.71</u>	<u>450,171.90</u>	<u>2,032,174.61</u>
Total Liabilities and Net Position	<u>\$ 2,209,303.88</u>	<u>\$ 528,652.43</u>	<u>\$ 2,737,956.31</u>

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

Town of Keysville, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2022

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 179,580.32	\$ 179,848.78	\$ 359,429.10
SERCAP grant	6,400.00	-	6,400.00
Miscellaneous income	<u>309.20</u>	<u>600.00</u>	<u>909.20</u>
Total Operating Revenues	186,289.52	180,448.78	366,738.30
Operating Expenses			
Salaries and wages	-	59,943.75	59,943.75
Fringe benefits	-	9,428.00	9,428.00
Chemicals	61,346.13	15,324.40	76,670.53
Operation and maintenance	34,115.44	15,026.27	49,141.71
Water Treatment Contract	66,245.50	-	66,245.50
Testings	3,681.00	11,679.00	15,360.00
Sample kits	3,110.55	-	3,110.55
Sludge	-	7,320.00	7,320.00
Office expense and postage	1,417.88	1,767.72	3,185.60
Miscellaneous operating costs	1,501.24	6,608.64	8,109.88
Depreciation	84,245.81	46,491.48	130,737.29
Utilities	15,155.70	23,651.17	38,806.87
Telephone	<u>1,486.59</u>	<u>2,398.96</u>	<u>3,885.55</u>
Total Operating Expenses	<u>272,305.84</u>	<u>199,639.39</u>	<u>471,945.23</u>
Operating Loss	(86,016.32)	(19,190.61)	(105,206.93)
Nonoperating Revenues (Expenses)			
Interest expense	<u>(7,541.32)</u>	<u>-</u>	<u>(7,541.32)</u>
Total Nonoperating Revenues (Expenses)	<u>(7,541.32)</u>	<u>-</u>	<u>(7,541.32)</u>
Loss Before Operating Transfers	(93,557.64)	(19,190.61)	(112,748.25)
Operating Transfers In (Out)	<u>31,271.07</u>	<u>30,214.75</u>	<u>61,485.82</u>
Change in Net Position	(62,286.57)	11,024.14	(51,262.43)
Total Net Position - Beginning of Year	<u>1,644,289.28</u>	<u>439,147.76</u>	<u>2,083,437.04</u>
Total Net Position - End of Year	<u>\$ 1,582,002.71</u>	<u>\$ 450,171.90</u>	<u>\$ 2,032,174.61</u>

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

Town of Keysville, Virginia

Statement of Cash Flows
Proprietary Funds

Year Ended June 30, 2022

Business-Type Activities - Enterprise Funds

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 185,431.41	\$ 184,807.17	\$ 370,238.58
Miscellaneous income	6,709.20	600.00	7,309.20
Payments to personnel	-	(69,371.75)	(69,371.75)
Payments to suppliers	<u>(196,168.01)</u>	<u>(80,367.31)</u>	<u>(276,535.32)</u>
Net Cash Provided by (Used in) Operating Activities	(4,027.40)	35,668.11	31,640.71
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	<u>31,271.07</u>	<u>30,214.75</u>	<u>61,485.82</u>
Net Cash Provided by Noncapital Financing Activities	31,271.07	30,214.75	61,485.82
Cash Flows from Financing Capital and Related Activities			
Interest paid on debt	(7,541.32)	-	(7,541.32)
Principal paid on debt	<u>(19,702.35)</u>	<u>(65,882.86)</u>	<u>(85,585.21)</u>
Net Cash Used in Financing Capital and Related Activities	<u>(27,243.67)</u>	<u>(65,882.86)</u>	<u>(93,126.53)</u>
Net Increase (Decrease) in Cash	-	-	-
Cash - Beginning of Year	<u>47,374.16</u>	<u>42,982.86</u>	<u>90,357.02</u>
Cash - End of Year	<u><u>\$ 47,374.16</u></u>	<u><u>\$ 42,982.86</u></u>	<u><u>\$ 90,357.02</u></u>
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Operating Loss	\$ (86,016.32)	\$ (19,190.61)	\$ (105,206.93)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities</i>			
Depreciation expense	84,245.81	46,491.48	130,737.29
<i>Changes in assets and liabilities</i>			
Receivables, net	5,851.09	4,958.39	10,809.48
Accounts payable and accrued expenses	<u>(8,107.98)</u>	<u>3,408.85</u>	<u>(4,699.13)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (4,027.40)</u></u>	<u><u>\$ 35,668.11</u></u>	<u><u>\$ 31,640.71</u></u>

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

Town of Keysville, Virginia

Notes to the Financial Statements

Year Ended June 30, 2022

1 Summary of Significant Accounting Policies and Use of Estimates

Narrative Profile

The Town of Keysville, Virginia (the "Town"), which was incorporated in 1887, has a population of approximately 807 living within an area of 1.64 square miles. The Town is located in Charlotte County, Virginia. The Town is governed by an elected Mayor and a six-member Council with each serving administrative and legislative functions.

The Town 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 (GASB). 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. These financial statements present the Town of Keysville, Virginia (the primary government).

1-B. Financial Reporting Model

The Town's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, and required 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. These financial statements focus on the primary government; as such, 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 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 and proprietary 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.

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. There are no Special Revenue Funds at this time.
 - *Capital Projects Funds* – The Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. There are no Capital Projects Funds at this time.
- *Proprietary Funds* – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has two enterprise funds, the Water Fund and Sewer Fund, 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 (Custodial 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. Custodial 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 accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 (general government administration, public safety, public works, parks, recreation, and cultural, 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 (general government administration, public safety, public works, parks, recreation, and cultural, 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 claims and judgments, are recorded only when payment is due.

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 unavailable 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 and investment pool which all funds utilize. 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 and investment 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 and short-term repurchase agreements 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 net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. Management deems that no allowance amount is necessary at this time.

Real and Personal Property Tax Data

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

Real Property Personal Property

Levy	January 1	January 1
Due Date	December 6	December 6

The Town bills and collects its own property taxes.

A ten percent penalty or \$2.00 penalty, whichever is greater, is levied on all taxes not collected on or before their due date. An interest charge of ten percent per annum is also levied on such taxes beginning on January 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. 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	10 to 40 years
Furniture, equipment, and vehicles	3 to 25 years

1-E-6 Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

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 60 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. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

1-E-8 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. Restricted net position for specified purposes represents certain deposits restricted for specified expenditures and resources that have restrictions to particular uses imposed by federal awarding agencies or by state legislation.

1-E-9 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 utilities. 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-10 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-11 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-12 Adoption of New GASB Statements

The Town adopted the following GASB statements during the year ended June 30, 2022:

Statement No. 87, Leases increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the Town.

GASB Statement No. 92, Omnibus 2020 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of GASB Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports. (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of GASB Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of GASB Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the Town.

Statement No. 93, Replacement of Interbank Offered Rates, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the Town.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. This Statement provides a more consistent financial reporting of defined contribution plans, defined contribution OPEB plans and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain provisions of this Statement are effective for fiscal year 2022 for the Town.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the Town.

1-F. 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.

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 year-end, the Town Council prepares 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. Supplemental Appropriations are adopted if necessary during the fiscal year.

Expenditures in Excess of Appropriations

Expenditures did exceed appropriations in the general fund at June 30, 2022.

Fund Deficits

No funds had fund deficits.

3 Deposits and Investments

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.

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

The following is a summary of cash and cash equivalents :

<u>Asset Type</u>	<u>Carrying Amount</u>		
Deposit accounts	\$ 1,301,807.11		
Total Cash and Cash Equivalents	\$ 1,301,807.11		
<u>Primary Government</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,211,450.09	\$ 90,357.02	\$ 1,301,807.11
Total	\$ 1,211,450.09	\$ 90,357.02	\$ 1,301,807.11

A portion of the cash is restricted for the following purposes:

Restricted Cash and Cash Equivalents

General fund

Community development projects \$ 53,423.08

Enterprise fund

Water and sewer improvement projects 80,357.02

Total Restricted Cash \$ 133,780.10

4 Receivables

Receivables at June 30, 2022 consist of the following:

Primary Government

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Total Primary Government</u>
		<u>Water</u>	<u>Sewer</u>	
Property taxes	\$ 27,039.70	\$ -	\$ -	\$ 27,039.70
Miscellaneous	15,482.10	-	-	15,482.10
Water and sewer	-	<u>10,439.91</u>	<u>10,401.91</u>	<u>20,841.82</u>
Total Receivables	<u>\$ 42,521.80</u>	<u>\$ 10,439.91</u>	<u>\$ 10,401.91</u>	<u>\$ 20,841.82</u>
				<u>\$ 63,363.62</u>

5 Interfund Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

	<u>Transfer to</u>	<u>Transfer from</u>
Primary Government		
General Fund		
To Sewer Fund for operating costs and debt service	\$ 61,485.82	\$ -
Total General Fund	61,485.82	-
Water Fund		
From General Fund for operating costs and debt service	-	54,966.78
To Sewer Fund for operating costs and debt service	80,399.65	-
From Sewer Fund for operating costs and debt service	-	56,703.94
Total Water Fund	80,399.65	111,670.72
Sewer Fund		
To Water Fund for operating costs and debt service	-	6,519.04
From Water Fund for operating costs and debt service	-	80,399.65
From General Fund for operating costs and debt service	56,703.94	-
Total Sewer Fund	56,703.94	86,918.69
Total Transfers	<u>\$ 198,589.41</u>	<u>\$ 198,589.41</u>

6 Due from Other Governmental Units

As of June 30, 2022, the Town has no receivables from other governmental units.

7 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
Other Capital Assets				
Buildings and improvements	\$ 333,999.00	\$ -	\$ -	<u>\$ 333,999.00</u>
Furniture, equipment, and vehicles	165,604.05	26,445.00	11,955.00	<u>180,094.05</u>
Total Other Capital Assets	499,603.05	26,445.00	11,955.00	<u>514,093.05</u>
Less: Accumulated depreciation for				
Buildings and improvements	284,040.68	4,064.63	-	<u>288,105.31</u>
Furniture, equipment, and vehicles	86,120.86	16,620.30	11,955.00	<u>90,786.16</u>
Total Accumulated Depreciation	370,161.54	20,684.93	11,955.00	<u>378,891.47</u>
Other Capital Assets, Net	129,441.51	5,760.07	-	<u>135,201.58</u>
Net Capital Assets	<u>\$ 129,441.51</u>	<u>\$ 5,760.07</u>	<u>\$ -</u>	<u>\$ 135,201.58</u>

Depreciation expense was allocated as follows:

General government administration	\$ 2,008.27
Public safety	2,564.63
Public works	14,818.92
Parks, recreation and cultural	1,293.11
Total Depreciation Expense	<u>\$ 20,684.93</u>

Business-Type Activities

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Other Capital Assets				
Buildings and improvements	\$ 8,185,466.59	\$ -	\$ -	\$ 8,185,466.59
Total Other Capital Assets	8,185,466.59	-	-	8,185,466.59
Less: Accumulated depreciation for				
Buildings and improvements	5,427,971.83	130,737.29	-	5,558,709.12
Total Accumulated Depreciation	5,427,971.83	130,737.29	-	5,558,709.12
Other Capital Assets, Net	2,757,494.76	(130,737.29)	-	2,626,757.47
Net Capital Assets	\$ 2,757,494.76	\$ (130,737.29)	\$ -	\$ 2,626,757.47
Depreciation expense was allocated to:				
Water	\$ 84,245.81			
Sewer	46,491.48			
	\$ 130,737.29			

8 Long-Term Debt

PRIMARY GOVERNMENT

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

Year(s) Ended June 30.	Business-Type Activities	
	Principal	Interest
2023	\$ 62,954.71	\$ 8,885.10
2024	40,749.63	8,580.36
2025	20,992.10	8,266.44
2026	21,522.38	7,943.04
2027	22,066.58	7,609.86
2028-2032	119,011.00	32,688.12
2033-2037	134,937.28	22,711.32
2038-2042	153,087.58	11,132.94
2043-2047	104,100.45	811.56
2048	6,937.72	-
Total	\$ 686,359.43	\$ 108,628.74

Changes in Long-Term Debt

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

	Balance July 1, 2021	Increase	Decrease	Balance June 30, 2022	Due Within One Year
Primary Government					
Business-Type Activities					
Enterprise Funds					
Water Fund					
Water Supply Revolving Fund loan payable to Virginia Resource Authority with a stated interest rate of 3.00% for a 30-year term.	\$ 308,455.82	\$ -	\$ 9,785.69	\$ 298,670.13	\$ 10,081.42
Water Supply Revolving Fund loan payable to Virginia Resource Authority with a stated interest rate of 2.00% for a 30-year term.	334,348.86	-	9,916.66	324,432.20	9,890.44
Sewer Fund					
General Obligation Bond, July 1, 2005 payable to Virginia Resource Authority in semi-annual installments of \$21,491.43 with a stated interest rate of 0.00%, maturing January 1, 2025.	129,139.96	-	65,882.86	63,257.10	42,982.85
Total Business-Type Activities - Enterprise Funds	771,944.64	-	85,585.21	686,359.43	62,954.71
Total Primary Government	\$ 771,944.64	\$ -	\$ 85,585.21	\$ 686,359.43	\$ 62,954.71

9 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, 2022 is determined as follows:

	Governmental Activities	Business-Type Activities
Net Investment in Capital Assets		
Cost of capital assets	\$ 514,093.05	\$ 8,185,466.59
Less: Accumulated depreciation	(378,891.47)	(5,558,709.12)
Book value	135,201.58	2,626,757.47
Less: Capital related debt	-	(686,359.43)
Net Investment in Capital Assets	\$ 135,201.58	\$ 1,940,398.04

10 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

Primary Government	
Property taxes	\$ 27,039.70
Total Deferred Inflows of Resources	\$ 27,039.70

11 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town 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

Employees	\$ 100,000.00
-----------	---------------

12 Commitments and Contingencies

If applicable, federal programs in which the Town participates were audited in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

13 Litigation

At June 30, 2022, 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.

14 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	<u>\$ 52,689,896.00</u>
Debt Limits per Constitution of Virginia - 10% Assessed Value	\$ 5,268,989.60
Amount of Debt Applicable to Debt Limit	
Gross Debt	<u>686,359.43</u>
Legal Debt Margin - June 30, 2022	<u>\$ 4,582,630.17</u>

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

15 Upcoming Pronouncements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for fiscal year 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements for government end users. The provisions of this Statement are effective for fiscal year 2023.

GASB Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. An Amendment of GASB Statement No. 62 – will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - requires recording compensation due to employees as a liability if not paid at the date of the financial statements. The amount due should be calculated at the employee's pay rate as of the date of financials. The Statement reduces the note disclosure and excludes certain compensated absences such as parental leave, military leave, and jury duty from the calculated liability. This Statement is effective for fiscal years beginning after December 15, 2023.

16 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2022. Management has performed their analysis through August 15, 2023.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Keysville, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2022

General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General Property Taxes				
Real estate and personal property taxes	\$ 100,000.00	\$ 100,000.00	\$ 101,087.62	\$ 1,087.62
Delinquent taxes	<u>1,000.00</u>	<u>1,000.00</u>	<u>759.47</u>	<u>(240.53)</u>
Total General Property Taxes	101,000.00	101,000.00	101,847.09	847.09
Other Local Taxes				
Local sales and use taxes	34,000.00	34,000.00	42,880.07	8,880.07
Cigarette taxes	21,087.00	21,087.00	13,907.95	(7,179.05)
Utility taxes	25,000.00	25,000.00	28,491.03	3,491.03
Motor vehicle licenses	1,000.00	1,000.00	-	(1,000.00)
Consumption taxes	3,000.00	3,000.00	3,998.88	998.88
Business license taxes	17,500.00	17,500.00	28,628.63	11,128.63
Bank stock tax	42,000.00	42,000.00	43,405.00	1,405.00
Meals tax	<u>142,000.00</u>	<u>142,000.00</u>	<u>184,930.49</u>	<u>42,930.49</u>
Total Other Local Taxes	285,587.00	285,587.00	346,242.05	60,655.05
Revenue from Use of Money and Property	3,000.00	3,000.00	5,434.56	2,434.56
Premits, Licenses and Fees	100.00	100.00	105.00	5.00
Miscellaneous	650.00	650.00	9,313.74	8,663.74
Intergovernmental				
<i>Revenue from the Commonwealth of Virginia</i>				
State Communication Tax	1,700.00	1,700.00	1,831.79	131.79
Litter grant	1,000.00	1,000.00	-	(1,000.00)
Personal Property Tax Relief Act (PPTRA)	12,500.00	12,500.00	12,673.53	173.53
Fire program	15,000.00	15,000.00	15,000.00	-
Car Rental Tax	700.00	700.00	1,219.78	519.78
Rolling stock taxes - motor vehicle carriers tax	<u>1,000.00</u>	<u>1,000.00</u>	<u>1,061.17</u>	<u>61.17</u>
Total Revenue from the Commonwealth of Virginia	31,900.00	31,900.00	31,786.27	(113.73)
<i>Revenue from the Federal Government</i>				
ARPA Funds	<u>-</u>	<u>-</u>	<u>148,999.50</u>	<u>148,999.50</u>
Total Revenue from the Federal Government	<u>-</u>	<u>-</u>	<u>148,999.50</u>	<u>148,999.50</u>
Total Intergovernmental Revenue	<u>31,900.00</u>	<u>31,900.00</u>	<u>180,785.77</u>	<u>148,885.77</u>
Total Revenues	422,237.00	422,237.00	643,728.21	221,491.21

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures				
General Government Administration				
Salaries	116,500.00	116,500.00	62,091.97	54,408.03
Employee benefits	29,000.00	29,000.00	31,431.70	(2,431.70)
Legal and accounting	7,850.00	7,850.00	11,825.00	(3,975.00)
Advertising	2,000.00	2,000.00	316.00	1,684.00
Dues and fees	170.00	170.00	926.00	(756.00)
Insurance and bonds	13,000.00	13,000.00	23,888.00	(10,888.00)
Office supplies	13,000.00	13,000.00	8,341.27	4,658.73
Postage	1,000.00	1,000.00	575.10	424.90
Telephone	3,000.00	3,000.00	3,733.18	(733.18)
Miscellaneous	35,237.00	35,237.00	16,646.93	18,590.07
Christmas parade	5,000.00	5,000.00	5,303.26	(303.26)
American Rescue Plan expenses	-	-	148,999.50	(148,999.50)
Total General Government Administration	225,757.00	225,757.00	314,077.91	(88,320.91)
Public Safety				
<i>Fire Department</i>				
Fire program allocation	15,000.00	15,000.00	15,000.00	-
Donation	7,800.00	7,800.00	22,800.00	(15,000.00)
Total Fire Department	22,800.00	22,800.00	37,800.00	(15,000.00)
<i>Rescue Squad</i>				
	1,000.00	1,000.00	2,000.00	(1,000.00)
Total Public Safety	23,800.00	23,800.00	39,800.00	(16,000.00)
Public Works				
<i>Street Department</i>				
Street lights	15,000.00	15,000.00	16,975.37	(1,975.37)
Maintenance and repairs	95,650.00	95,650.00	68,761.73	26,888.27
Vehicle maintenance	3,000.00	3,000.00	-	3,000.00
Total Street Department	113,650.00	113,650.00	85,737.10	27,912.90
<i>General Building and Grounds</i>				
Salaries	-	-	40,451.00	(40,451.00)
Street lights	3,000.00	3,000.00	1,249.61	1,750.39
Litter grant	1,000.00	1,000.00	-	1,000.00
Capital outlay	20,000.00	20,000.00	27,458.08	(7,458.08)
Operations and maintenance	30,470.00	30,470.00	24,685.17	5,784.83
Total General Building and Grounds	54,470.00	54,470.00	93,843.86	(39,373.86)
<i>Sanitation Department</i>				
Salaries	-	-	4,728.61	(4,728.61)
Total Sanitation Department	-	-	4,728.61	(4,728.61)
Total Public Works	168,120.00	168,120.00	184,309.57	(16,189.57)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Parks, Recreation, and Cultural				
Parks, Recreation, and Cultural	500.00	500.00	10,025.97	(9,525.97)
Library utilities and maintenance	<u>4,060.00</u>	<u>4,060.00</u>	<u>1,475.50</u>	<u>2,584.50</u>
Total Parks, Recreation, and Cultural	<u>4,560.00</u>	<u>4,560.00</u>	<u>11,501.47</u>	<u>(6,941.47)</u>
 Total Expenditures	 <u>422,237.00</u>	 <u>422,237.00</u>	 <u>549,688.95</u>	 <u>(127,451.95)</u>
 Excess (Deficiency) of Revenues Over Expenditures	 -	 -	 94,039.26	 94,039.26
Other Financing Sources (Uses)				
Transfers out	<u>-</u>	<u>-</u>	<u>(61,485.82)</u>	<u>(61,485.82)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(61,485.82)</u>	<u>(61,485.82)</u>
 Net Change in Fund Balance	 <u>\$ -</u>	 <u>\$ -</u>	 32,553.44	 <u>\$ 32,553.44</u>
 Fund Balance - Beginning of Year			 <u>985,599.06</u>	
 Fund Balance - End of Year			 <u>\$ 1,018,152.50</u>	

OTHER INFORMATION

Table 1

Town of Keysville, Virginia

Pledged Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

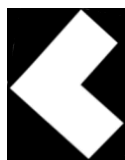
Water and Sewer Revenue Bonds

Fiscal Year	Gross Revenue ⁽¹⁾	Less Operating Expenses ⁽²⁾	Net Revenues Available for Debt Service	Debt Service		Coverage
				Principal	Interest	
2013	\$ 746,485.67	\$ 342,825.76	\$ 403,659.91	\$ 42,982.85	\$ -	9.39
2014	1,133,057.65	456,602.82	676,454.83	64,474.27	8,509.94	9.27
2015	335,636.58	465,398.71	(129,762.13)	29,422.70	11,035.25	(3.21)
2016	351,988.07	363,200.20	(11,212.13)	51,167.49	10,781.88	(0.18)
2017	762,478.28	345,690.73	416,787.55	72,906.29	10,534.50	5.00
2018	371,770.82	454,649.92	(82,879.10)	30,178.27	25,248.12	(1.50)
2019	316,192.40	393,369.69	(77,177.29)	87,586.78	20,685.46	(0.71)
2020	363,388.06	407,527.66	(44,139.60)	56,911.30	21,592.37	(0.56)
2021	356,725.50	412,708.13	(55,982.63)	83,502.76	16,300.93	(0.56)
2022	366,738.30	341,207.94	25,530.36	85,585.21	7,541.32	0.27

⁽¹⁾Operating revenues and interest income

⁽²⁾Net of depreciation and amortization

COMPLIANCE SECTION



**Creedle
Jones
& Associates**

A Professional Corporation

Robin B. Jones, CPA, CFP
Kimberly W. Jackson, CPA

Nadine L. Chase, CPA

Sherwood H. Creedle, Founder

Members of
American Institute of Certified Public Accountants
Virginia Society of Certified Public Accountants

**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 Keysville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Town of Keysville, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Keysville, Virginia's basic financial statements and have issued our report thereon dated August 15, 2023.

Report on Internal Control over Financial Reporting

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

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

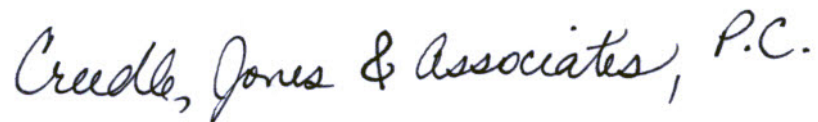
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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
August 15, 2023