



Hub of Commerce and Community Over 200 Years

TOWN OF FARMVILLE, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

DEPARTMENT OF FINANCE

TOWN OF FARMVILLE, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

DEPARTMENT OF FINANCE AND ADMINISTRATION

TOWN OF FARMVILLE, VIRGINIA

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INTRODUCTORY SECTION



TOWN MANAGER'S OFFICE

C. Scott Davis, LP.D.
Town Manager

Jacqueline B. Vaughan
Executive Assistant

November 3, 2022

**The Honorable Mayor, Members of Town Council
And the Citizens of Farmville, Virginia:**

We are pleased to present to you the Annual Comprehensive Financial Report (ACFR) of the Town of Farmville for the fiscal year ended June 30, 2022. This report is submitted in accordance with Section 15.2-2511 of the Code of Virginia and with Section 54 of the Charter of the Town of Farmville, both of which require an annual independent audit and report of financial activity of the Town. The independent certified public accounting firm of Brown, Edwards & Company, L.L.P., has audited the financial statements and supplemental schedules contained herein. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Reporting Entity and Services Provided

For financial reporting purposes, in accordance with the Governmental Accounting Standards Board (GASB) criteria, the Town of Farmville includes funds, agencies, boards, commissions and authorities that were controlled by or were financially dependent upon the Town within the reporting period. Control by or financial dependence was determined on the basis of obligation of the Town to finance deficits, guarantee debt, select the governing authority, approve the budget, have authority to make a public levy, and to have ownership of assets. The Town of Farmville provides an extensive range of services for its citizens including general administration, public safety, public works, planning, zoning, economic and community development, code enforcement, cemetery management, and handles water, sewer, transportation and airport services for the benefit of its citizens.

Organization of Government

On January 15, 1798, the Virginia Legislature established the Town of Farmville. Until 1870, Farmville was governed by a board of commissioners, or trustees, appointed by the Legislature. In 1870, the Legislature authorized qualified voters in the Town to elect a mayor, nine councilmen, a sergeant, a commissioner of the revenue, a treasurer, and a keeper of the public scales. Today, the Town is organized under a Council-Manager form of government with a seven member Town Council as the governing body. The Town Council and Mayor are popularly elected. Council is responsible for adopting an annual budget, passing ordinances, establishing policies, and appointing committees. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for the day-to-day operations of the Town, and for appointing Town department heads.

Economic Condition and Outlook

The Town of Farmville is a center of trade, education, law, and finance for a seven-county area that makes up “Virginia’s Heartland.”

The Town is located in both Cumberland and Prince Edward Counties, at the intersection of Routes 15 and 460 in South Central Virginia. The largest municipality between Richmond and Lynchburg, Farmville is within an hour of both. The Town, formed in 1798, serves as the county seat of Prince Edward County. In addition to serving as the hub of economic activity for a regional population of approximately 120,000 people, Farmville attracts many visitors who come to enjoy its shopping, history, cultural, educational, and outdoor activities. In recent years, in partnership with its two institutions of higher education, Farmville’s downtown area has flourished, with the opening of a new boutique hotel and several restaurants, creating a strong sense of college-town vibrancy and momentum.

As a leader in regional development, Farmville is considered the source of innovative thought and expertise with respect to sound economic growth throughout the region. By focusing on a diverse retail sector with special emphasis on small business, a high quality medical services community, and a highly visible system of recreational and tourism opportunities, the Town has seen growth in its tax base and its population.

This growth has produced a prosperous Town and region that is respected throughout the Commonwealth and is considered a healthy and desirable place to own a business or industry, live, work, and raise a family. The Town’s workforce is made up of Farmville town residents as well as many employees commuting into Farmville from surrounding counties. It is estimated that over 80% of the Town of Farmville’s workforce travel from outside the Town limits. The Town has a good local labor force known for its honesty, work ethic and self-reliance.

The Town of Farmville, in collaboration with Prince Edward County, continues to maintain a Virginia Enterprise Zone designation, which provides State and local incentives for investment along parts of West and East Third Streets, the Historic Downtown part of Main Street, and along part of South Main Street. State Enterprise Zone grants provide money as a reward for physical improvements to property; and grants for job creation above four (4) employees. Local incentives are designed to reward both new and existing businesses.

Farmville continues to grow as a hub for tourism, with a plethora of activities for history buffs and outdoor enthusiasts. The R. R. Moton Museum displays the story of the 1951 student strike that ushered in the civil rights movement. It is also the centerpiece of the Civil Rights in Education Heritage Trail. The museum is currently in the application phase of potentially becoming a World Heritage Site. High Bridge Trail State Park and Sailor’s Creek Battlefield commemorate the two final battles of the Civil War. Bear Creek Lake State Park and Twin Lakes State Park draw camping and hiking lovers from all areas of Virginia. If fishing is your passion, Sandy River Reservoir is a 740-acre lake in Prince Edward County stocked and managed by the Virginia Department of Game and Inland Fisheries.

Major Initiatives and Accomplishments

- In an effort to be fiscally prudent, Town Council and Town staff worked diligently to cut expenses, while maintaining services, so as to accrue a \$1.2 million contingency that was transferred from the 2020-21 fiscal year to the 2021-22 fiscal year.
- The Town issued an RFP for use of the vacant Town landfill property as a solar farm. This will provide income to the Town, while using land that cannot be utilized for other purposes while still under closure.
- The Town of Farmville Police Department was awarded its third accreditation through the Virginia Department of Criminal Justice Services. This is a prestigious accreditation that demonstrates a voluntary commitment to law enforcement excellence by living up to a body of 150 standards deemed essential to the protection of the life, health, safety, and rights of the citizens it serves, and having exemplified the best professional practices in the conduct of its responsibilities.
- The Town of Farmville was awarded several grants during the past fiscal year:

A Local Emergency Planning Grant (LEMPG) was awarded to place cameras at traffic lights, thus improving safety for the motoring public and pedestrians;

The Department of Aviation awarded three separate grants to improve facilities and safety at the Farmville Regional Airport: 1) a new maintenance storage building was constructed; 2) grant monies were awarded to replace the REIL (Runway End Identifier Lights); and 3) the Runway Safety Area Grading Project was completed.

- The Town received the first half of approximately \$8,140,000 in American Rescue Plan Act (ARPA) funding. The Town will be using these funds to enhance or replace equipment at the water treatment plant and wastewater treatment plant, upgrading other water and sewer line infrastructure, enhancing recreation activities and spaces, and funding other general government needs.
- With its continued commitment to fiscal responsibility, as well as responsible growth and development, the town hired two new department directors. Julie Moore is our new Finance Director and Lee Pambid our new Community Development Director. Julie was most recently with the accounting firm of Brown, Edwards and Company, L.L.P. She has vast experience with auditing various size towns, cities, and counties. Lee has over 20 years of planning and community development experience, beginning as a zoning administrator in his hometown of South Boston, then working in Henrico County as a county planner and most recently from the Town of Strasburg where he has served as Director of Planning and Zoning Administrator.

Major Initiatives and Accomplishments (continued)

- Several infrastructure projects were completed to further improve the services provided to our Town's citizens:
 - ❖ Over \$800,000 in street paving was completed;
 - ❖ Flocculator replacement at the water treatment plant;
 - ❖ New police surveillance cameras were installed at key areas in Town;
 - ❖ The Town's website was completely redesigned;
 - ❖ Brand new handheld radios were purchased to replace aging equipment;
 - ❖ E911 mapping was replaced in our dispatch center.

Financial Information

During the reporting period, the Town of Farmville managed its financial affairs using Generally Accepted Accounting Principles (GAAP) and maintained its accounting records on a modified accrual basis. The Town's enterprise funds are reported on the full accrual basis, under which revenues are recorded when earned and expenses are recorded when incurred. Additional information can be found in Note 1 of this report.

During the reporting period, Town management was responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits require estimates and judgments by management. In addition, the Town maintained budgetary controls during the reporting period. The controls in place ensure compliance with legal provisions embodied in the annual appropriated budget approved by Town Council. Additional information can be found in Note 1 of this report.

As demonstrated by the financial statements and supplemental schedules included in the financial section of this report, the Town has continued to meet its responsibility for sound financial management.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Cash Management

In accordance with State code and the Town's Investment Policy, the Town invested in money market accounts and certificates of deposits.

There were no other policies that significantly impacted the current year financial statements for the Town.

Other Information

Independent Audit. Virginia Law and the Charter of the Town of Farmville require that the financial statements of the Town be audited by a Certified Public Accountant. Brown, Edwards, & Company, L.L.P., has performed an annual audit of the Annual Comprehensive Financial Report. The auditor's report is included in the Financial Section of this report. The auditor's report as required by Government Auditing Standards is found in the Compliance Section of this report.

Acknowledgements. The preparation of this report is a very intensive project and could not have been accomplished without the assistance and dedication of the Finance Department staff and other personnel from various departments, who assisted in the preparation. The Mayor and Town Council continue to be very supportive of our efforts to produce the best financial reports possible for our citizens. We appreciate your support in granting us the time and funding to generate this document and allowing us to submit it to the GFOA for consideration. Lastly, we would like to express our appreciation to our independent auditing firm, Brown, Edwards & Company, L.L.P., for their cooperation and assistance in these efforts.

Respectfully Submitted,



Scott Davis
Town Manager



Julie A. Moore
Director of Finance



DIRECTORY OF PRINCIPAL OFFICIALS

MEMBERS OF TOWN COUNCIL



David E. Whitus, Mayor

Term Expires: December 31, 2022
Phone: (434) 390-4080
Email: mayor@farmvilleva.com



A.D. "Chuckie" Reid, Vice Mayor

Term Expires: December 31, 2022
Phone: (434) 392-5974
Email: creid@farmvilleva.com



Greg Cole, Councilman

Term Expires: December 31, 2022
Phone: (434) 547-9828
Email: gcole.farmville@gmail.com



Sallie O. Amos, Councilwoman

Term Expires: December 31, 2024
Phone: (434) 390-6294
Email: samos@farmvilleva.com



Daniel E. Dwyer, Councilman

Term Expires: December 31, 2024
Phone: (434) 390-6614
Email: ddwyer@farmvilleva.com



Donald L. Hunter, Councilman

Term Expires: December 31, 2024
Phone: (434) 392-6053
Email: dhunter@farmvilleva.com



Thomas M. Pairet, Councilman

Term Expires: December 31, 2022
Phone: (434) 603-1296
Email: tpairet@farmvilleva.com



Brian Vincent, Councilman

Term Expires: December 31, 2022
Phone: (4304) 640-1017
Email: bvincent@farmvilleva.com

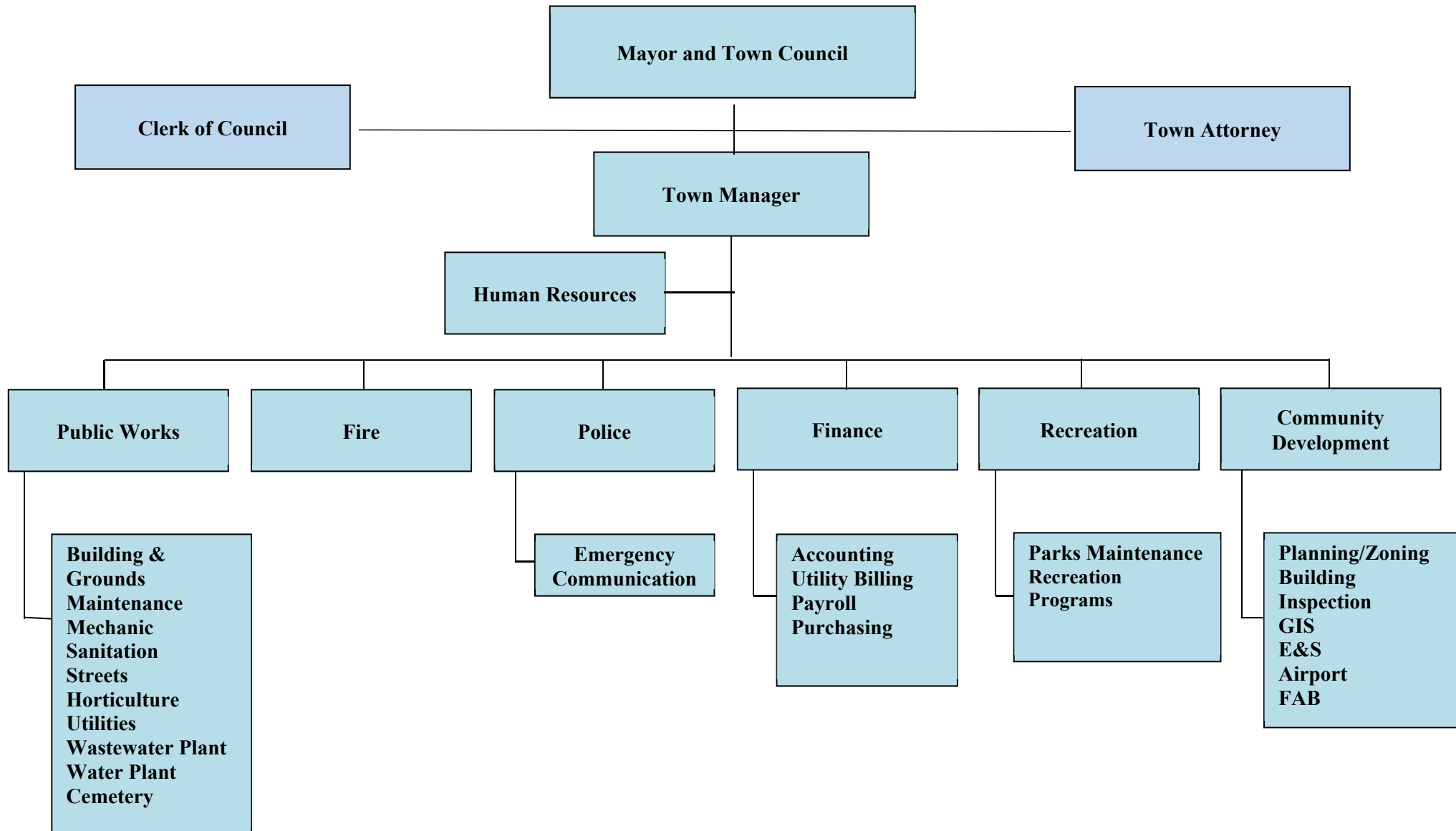


**DIRECTORY OF PRINCIPAL OFFICIALS
OTHER OFFICIALS
as of June 30, 2022**

Town Manager	Scott Davis
Assistant to the Town Manager	Jackie Vaughan
Director of Finance	Julie Moore
Deputy Director of Finance	Carol Anne Seal
Clerk of Council	Mary McKay
Town Attorney	Gary Elder
Chief of Police	Andy Ellington
Director of Public Works	Robin Atkins
Fire Chief	(<i>Vacant</i>)
Community Development Director	Lee Pambid
Building Official	Phillip Moore

TOWN OF FARMVILLE, VIRGINIA

ORGANIZATIONAL CHART



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FINANCIAL SECTION

**Financial Section contains the
Basic Financial Statements.**

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of Town Council
Town of Farmville, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Farmville, Virginia (the "Town") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities, and Towns* and the *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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'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 Farmville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Farmville'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.

Report on the Audit of the Financial Statements (Continued)

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Farmville's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2022 on our consideration of the Town'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 3, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Farmville, Virginia (the "Town"), we offer readers this narrative overview and analysis of the financial activities of the Town for the fiscal years ended June 30, 2022 and 2021. Please consider the information presented here in conjunction with information that we have furnished in our letter of transmittal found on pages i through v.

Financial Highlights

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows at the close of current fiscal year by \$35,976,924 (net position). Of this amount, \$6,886,474 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$3,088,627 which is primarily attributable to the operations of the general fund.
- At the end of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$6,085,243, an increase of \$1,137,726 in comparison with the prior year. Approximately 29% of this total amount, \$1,744,447 is available for spending at the Town's discretion (unassigned fund balance).
- The Town's total debt decreased by \$1,887,738 or 18.2% during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Overview of the Financial Statements (Continued)

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

Governmental Fund – The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The Town maintains three individual governmental funds. 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 and the street maintenance fund, which are considered to be a major funds. The one non-major governmental fund is the narcotics fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fund balances are the differences between assets and liabilities in a governmental fund.

- Nonspendable fund balance includes amounts that are not in spendable form, or amounts that are required to be maintained intact.
- Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external providers, such as grantors or bondholders, as well as amounts that are restricted through enabling legislation.
- Committed fund balance includes amounts that can be used only for the specific purposes that are determined by a formal action of the government’s highest level of decision making authority.
- Assigned fund balance applies to amounts that are intended for specific purposes as expressed by the governing body or authorized official and applies to remaining resources in any governmental funds other than the general fund.
- Unassigned fund balance includes all amounts not contained in other classifications for the general fund, and deficit fund balances in any other governmental funds.

At June 30, 2022, the Town’s governmental funds reported an ending fund balance of \$6,085,243, an increase of \$1,137,726 in comparison with the prior year. Of that amount, \$689,793 was nonspendable, \$3,045,457 was restricted, \$174,184 was committed, \$431,362 was assigned, and \$1,744,447 was unassigned.

As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.8% of total general fund expenditures, while total fund balance represents 47.7% of that same amount.

Proprietary Funds – Proprietary funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, transportation and airport operations.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government or to account for the Town’s other post-employment benefit trust. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town’s funding progress for its other post-employment benefits and its pension contributions.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the Town, assets and deferred outflows exceeded liabilities and deferred inflows by \$35,976,924 at the close of the most recent fiscal year.

A portion of the Town’s net position (72.4%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted balance (8.5%) represents debt service funds, forfeiture funds, and other grant funds. The remaining balance of *unrestricted net assets* (19.1%) may be used to meet the government’s ongoing obligations to citizens and creditors.

	The Town’s Net Position					
	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 11,010,941	\$ 10,230,732	\$ 6,265,056	\$ 6,175,459	\$ 17,275,997	\$ 16,406,191
Capital assets	20,408,394	21,809,356	14,136,471	14,397,793	34,544,865	36,207,149
Total assets	31,419,335	32,040,088	20,401,527	20,573,252	51,820,862	52,613,340
Deferred outflow of resources	971,719	603,555	223,533	148,697	1,195,252	752,252
Long-term liabilities	6,514,201	8,151,482	3,070,256	3,281,558	9,584,457	11,433,040
Net OPEB liability	1,538,923	2,346,025	368,646	577,986	1,907,569	2,924,011
Other liabilities	4,915,933	5,272,675	387,301	597,631	5,303,234	5,870,306
Total liabilities	12,969,057	15,770,182	3,826,203	4,457,175	16,795,260	20,227,357
Deferred inflows of resources	196,789	190,965	47,141	58,973	243,930	249,938
Net position						
Net investment in capital assets	14,875,101	14,637,694	11,189,892	11,242,435	26,064,993	25,880,129
Restricted	3,045,457	2,607,539	-	-	3,045,457	2,607,539
Unrestricted	1,304,650	(562,737)	5,561,824	4,963,366	6,866,474	4,400,629
Total net position	<u>\$ 19,225,208</u>	<u>\$ 16,682,496</u>	<u>\$ 16,751,716</u>	<u>\$ 16,205,801</u>	<u>\$ 35,976,924</u>	<u>\$ 32,888,297</u>

As noted, net position and assets by category may serve over time as a useful indicator of government’s financial position. In the case of the Town, as of June 30, 2022, assets exceeded liabilities by \$35,976,924 in Governmental Activities and Business-type Activities.

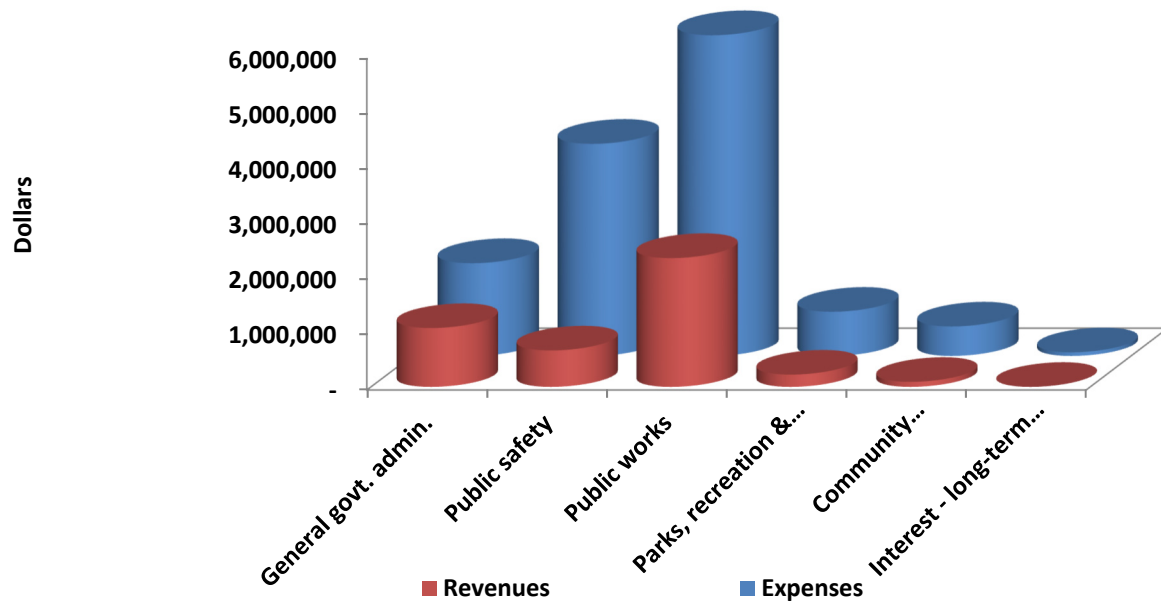
The Town’s Total Government net position increased by \$3,088,627 (9.4%) during the current fiscal year. The main contributing factor of this was a Governmental Activities’ net position increase of 15.2% and an increase of net position in Business-type Activities of 3.4% over prior year position. The Town continues its current initiative towards lean decision making for all of the Town’s funds – including General Fund, Street Maintenance Fund, Water Fund, Sewer Fund, Transportation Fund and Airport Fund – in an effort to be good stewards of public resources and to put the Town in the best financial position possible.

Governmental Activities – Governmental activities increased the Town’s net position by \$2,542,712 of the total growth. The Town experienced an increase in General Revenues of 16.4% primarily attributable to an increase in meals and lodging tax and other local tax collections. Overall total liabilities decreased by 17.8% due to the Net OPEB liability declining, as the plan was frozen as of June 30, 2021, and payments being made on long-term liabilities. In addition, the Town’s Governmental Activities’ assets decreased by 1.9%. There were enterprise fund transfers of \$1,082,970 executed in this fiscal year.

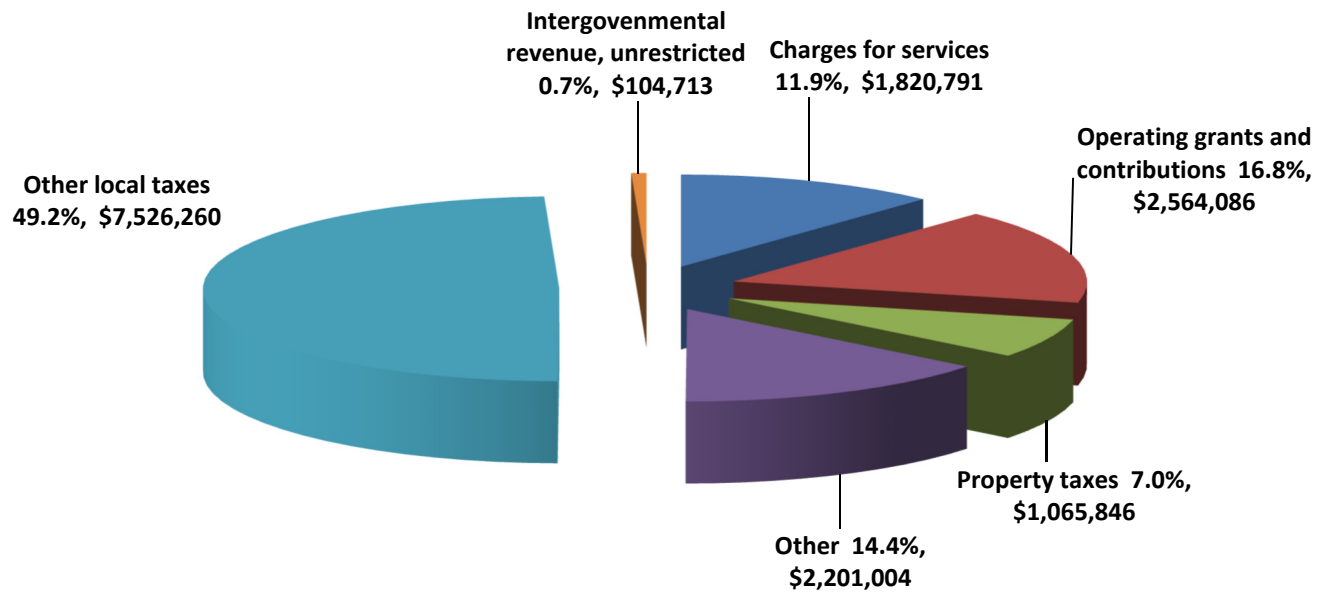
Business-type Activities – Business-type activities increased the Town’s net position by \$545,915 of the total growth. The increase was less than the prior year increase of \$2,984,139, which was mainly due to 29.5% less operating grants received in current year for the airport fund as no major projects were ongoing during the year.

The Town’s Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	\$ 1,820,791	\$ 1,735,019	\$ 3,778,435	\$ 3,565,228	\$ 5,599,226	\$ 5,300,247
Operating grants and contributions	2,564,086	2,725,061	789,016	3,536,613	3,353,102	6,261,674
Capital grants and contributions	-	124,500	323,467	-	323,467	124,500
General revenues						
Property taxes	1,065,846	973,186	-	-	1,065,846	973,186
Other taxes	7,526,260	6,201,501	-	-	7,526,260	6,201,501
Intergovernmental revenue unrestricted	104,713	268,664	-	-	104,713	268,664
Investment earnings	121,643	88,375	620	569	122,263	88,944
Other	996,391	615,940	301,693	266,951	1,298,084	882,891
Total revenues	14,199,730	12,732,246	5,193,231	7,369,361	19,392,961	20,101,607
Expenses						
General government	1,684,095	1,352,402	-	-	1,684,095	1,352,402
Public safety	3,842,518	4,188,808	-	-	3,842,518	4,188,808
Public works	5,806,553	5,393,613	-	-	5,806,553	5,393,613
Parks, recreation, and cultural	804,098	727,358	-	-	804,098	727,358
Community development	536,554	539,396	-	-	536,554	539,396
Interest on long-term debt	66,170	125,569	-	-	66,170	125,569
Water	-	-	1,481,832	1,523,020	1,481,832	1,523,020
Sewer	-	-	923,769	989,720	923,769	989,720
Transportation	-	-	803,985	822,803	803,985	822,803
Airport	-	-	354,760	263,541	354,760	263,541
Total expenses	12,739,988	12,327,146	3,564,346	3,599,084	16,304,334	15,926,230
Excess before transfers	1,459,742	405,100	1,628,885	3,770,277	3,088,627	4,175,377
Transfers	1,082,970	786,138	(1,082,970)	(786,138)	-	-
Change in net position	2,542,712	1,191,238	545,915	2,984,139	3,088,627	4,175,377
Net position – July 1	16,682,496	15,491,258	16,205,801	13,221,662	32,888,297	28,712,920
Net position – June 30	<u>\$ 19,225,208</u>	<u>\$ 16,682,496</u>	<u>\$ 16,751,716</u>	<u>\$ 16,205,801</u>	<u>\$ 35,976,924</u>	<u>\$ 32,888,297</u>

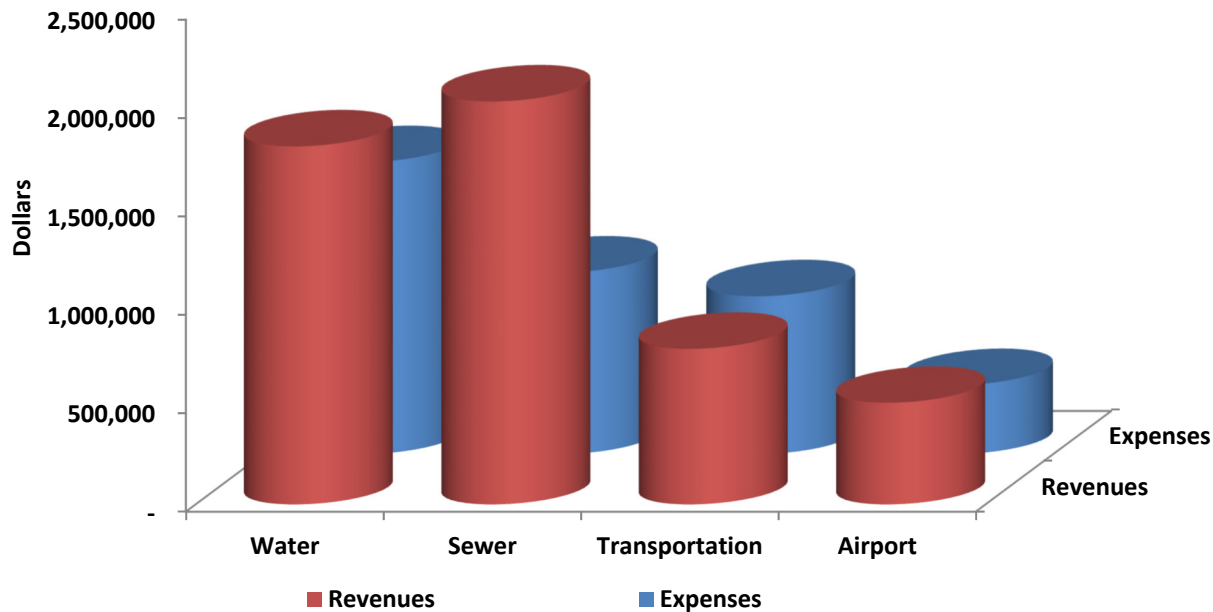
Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Expenses and Program Revenues – Business-type Activities



Financial Analysis of the Government's Funds

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

Governmental Fund – The focus of the Town's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported an ending fund balance of \$6,085,243, an increase of \$1,137,726 in comparison with the prior year. Approximately 28.7% of this total amount – that is, \$1,744,447 constitutes *unassigned fund balance*, which is available for spending at the Town's discretion. Approximately 2.9%, \$174,184 constitutes *committed fund balance*, which the government has committed to use for specific purposes. Approximately 7.1%, \$431,362 constitutes *assigned fund balance*, which the government intends to use for specific purposes. Approximately 50.0%, \$3,045,457 constitutes *restricted fund balance* which has been constrained with provisions.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.3% of total general fund expenditures, while total fund balance represents 46.4% of that same amount.

Proprietary Funds – The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water fund amounted to \$1,940,791, unrestricted net position for the sewer fund amounted to \$2,494,518, unrestricted net position for the transportation fund amounted to \$848,288, and the unrestricted net position for the airport fund amounted to \$278,227. The total fiscal year increase in net position for enterprise funds was \$545,915, a decline of \$2,438,224 or 81.7% compared to prior year. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget amounted to \$1,319,580. Highlights include the following:

- \$157,280 was re-appropriated for parks, recreations, and cultural projects and programs.
- \$786,581 was re-appropriated for public works projects.
- \$164,416 was re-appropriated for public safety initiatives.

Differences between the final amended budget and actual results amounted to \$2,985,574. Highlights are as follows:

- \$1,188,177 less expended in budgeted and re-appropriated public safety funds due to timing associated with incomplete projects and safety initiatives.
- \$1,218,333 less expended in budgeted and re-appropriated public works funds due to timing associated with incomplete projects and costs.
- \$222,653 less expended than budgeted due to operational costs being less for parks, recreations and cultural.
- \$186,772 less expended than budgeted due to operational costs for community development.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$34,544,865 (net of accumulated depreciation). This includes land, buildings and improvements, and vehicles, equipment, and infrastructure. The total decrease in the investment in capital assets for the current fiscal year was 4.6% (a 6.4% decrease for governmental activities and a 1.8% decrease for business-type activities). The Town’s investment in capital assets is summarized as follows:

	The Town’s Capital Assets					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 3,803,356	\$ 3,803,356	\$ 683,098	\$ 683,098	\$ 4,486,454	\$ 4,486,454
Buildings and improvements	16,128,846	16,128,846	2,977,114	2,868,124	19,105,960	18,996,970
Vehicles and equipment	6,764,698	6,487,169	2,078,694	1,964,956	8,843,392	8,452,125
Infrastructure	25,937,403	25,966,598	28,511,246	26,992,908	54,448,649	52,959,506
Construction in progress	-	-	6,757,122	8,142,193	6,757,122	8,142,193
Less accumulated depreciation	(32,225,909)	(30,576,613)	(26,870,803)	(26,253,486)	(59,096,712)	(56,830,099)
Total	\$ 20,408,394	\$ 21,809,356	\$ 14,136,471	\$ 14,397,793	\$ 34,544,865	\$ 36,207,149

Additional information on the Town’s capital assets can be found in Note 8 of this report.

Long-term Debt and Liabilities – At June 30, 2022 the Town had total debt and liabilities outstanding of \$9,584,457. Of this amount, \$6,965,000 comprises debt backed by the full faith and credit of the government.

The Town's Outstanding Debt and Liabilities						
General Obligation Bonds, Capital Leases, and Liabilities						
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 4,390,000	\$ 5,670,000	\$ 2,575,000	\$ 2,750,000	\$ 6,965,000	\$ 8,420,000
Bond premium	889,583	1,067,499	371,579	405,358	1,261,162	1,472,857
Notes payable	253,710	474,753	-	-	253,710	474,753
Compensated absences	550,060	527,329	123,677	126,200	673,737	653,529
Landfill liability	430,848	411,901	-	-	430,848	411,901
Total	<u>\$ 6,514,201</u>	<u>\$ 8,151,482</u>	<u>\$ 3,070,256</u>	<u>\$ 3,281,558</u>	<u>\$ 9,584,457</u>	<u>\$ 11,433,040</u>

The Town's total debt decreased by \$1,848,583 or 16.2% during the fiscal year due to paying down the bonds and notes payable. In addition, the Town paid \$1,676,043 towards regular debt service payments.

Additional information on the Town's long-term debt can be found in Note 9 of this report.

Economic Factors and Next Year's Budgets and Rates

- The Town adopted new water and sewer rates effective July 1, 2022. The water rates increased by \$1.00, and the sewer rate increased by 120% of the water usage.
- The Town elected to exclude the golf course in its FY23 budget. On August 10, 2022, Town Council elected to place the golf course on the market for \$995,000. After this decision was made the golf course was closed permanently the subsequent Friday.

All of these factors will continue to be an economic consideration in the Town's future budgeting processes.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Town of Farmville, 116 North Main Street, Farmville, Virginia 23901.

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BASIC FINANCIAL STATEMENTS

TOWN OF FARMVILLE, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Industrial Development Authority
ASSETS				
Cash and investments (Note 2)				
Unrestricted	\$ 2,804,950	\$ 5,432,518	\$ 8,237,468	\$ 69,119
Restricted	6,706,565	-	6,706,565	-
Receivables, net (Note 3)	531,543	495,797	1,027,340	25,111
Note receivable (Note 7)	-	-	-	29,978
Due from component unit (Note 5)	44,718	-	44,718	-
Due from other governments (Note 6)	278,090	149,654	427,744	-
Prepays	3,311	-	3,311	-
Inventories	58,981	187,087	246,068	-
Note receivable, long-term (Note 7)	-	-	-	125,304
Due from component unit, long-term (Note 5)	582,783	-	582,783	-
Capital assets: (Note 8)				
Non-depreciable	3,803,356	7,440,220	11,243,576	-
Depreciable, net	16,605,038	6,696,251	23,301,289	-
Total assets	31,419,335	20,401,527	51,820,862	249,512
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension (Note 13)	194,545	37,362	231,907	-
Deferred outflows related to other postemployment benefits (Note 14)	777,174	186,171	963,345	-
Total deferred outflows of resources	971,719	223,533	1,195,252	-
LIABILITIES				
Accounts payable	1,113,934	134,460	1,248,394	24,117
Accrued payroll and related liabilities	75,735	24,848	100,583	-
Accrued interest	55,706	31,692	87,398	2,556
Due to other government	-	71,568	71,568	-
Due to primary government (Note 5)	-	-	-	44,718
Unearned revenue	3,661,108	22,808	3,683,916	-
Refundable deposits	9,450	101,925	111,375	-
Long-term liabilities:				
Due to primary government (Note 5)	-	-	-	582,783
Net other postemployment benefit liability (Note 14)	1,538,923	368,646	1,907,569	-
Due within one year (Note 9)	1,752,313	238,515	1,990,828	-
Due in more than one year (Note 9)	4,761,888	2,831,741	7,593,629	-
Total liabilities	12,969,057	3,826,203	16,795,260	654,174
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to other postemployment benefits (Note 14)	196,789	47,141	243,930	-
NET POSITION				
Net investment in capital assets	14,875,101	11,189,892	26,064,993	-
Restricted for:				
Debt service	2,007,733	-	2,007,733	-
Grants and forfeiture funds	1,037,724	-	1,037,724	-
Unrestricted	1,304,650	5,561,824	6,866,474	(404,662)
Total net position	\$ 19,225,208	\$ 16,751,716	\$ 35,976,924	\$ (404,662)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Program Revenues					Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-Type Activities	Total	Industrial Development Authority
Primary Government:								
Governmental activities:								
General government	\$ 1,684,095	\$ 1,058,276	\$ 12,158	\$ -	\$ (613,661)		\$ (613,661)	
Public safety	3,842,518	121,681	540,636	-	(3,180,201)		(3,180,201)	
Public works	5,806,553	357,366	1,981,351	-	(3,467,836)		(3,467,836)	
Parks, recreation, and cultural	804,098	203,865	18,800	-	(581,433)		(581,433)	
Community development	536,554	79,603	11,141	-	(445,810)		(445,810)	
Interest on long-term debt	66,170	-	-	-	(66,170)		(66,170)	
Total governmental activities	12,739,988	1,820,791	2,564,086	-	(8,355,111)		(8,355,111)	
Business-type activities:								
Water	1,481,832	1,640,884	510	-		\$ 159,562	159,562	
Sewer	923,769	1,948,111	675	-		1,025,017	1,025,017	
Transportation	803,985	8,951	780,231	-		(14,803)	(14,803)	
Airport	354,760	180,489	7,600	323,467		156,796	156,796	
Total business-type activities	3,564,346	3,778,435	789,016	323,467		1,326,572	1,326,572	
Total primary government	\$ 16,304,334	\$ 5,599,226	\$ 3,353,102	\$ 323,467	(8,355,111)	1,326,572	(7,028,539)	
Component unit:								
Industrial Development Authority	\$ 98,825	\$ 88,147	\$ -	\$ -	-	-	-	\$ (10,678)
General revenues:								
			Real estate and personal property taxes		1,065,846	-	1,065,846	-
Other taxes:								
			Local sales and use taxes		860,016	-	860,016	-
			Consumption tax		28,953	-	28,953	-
			Consumers' utility taxes		367,121	-	367,121	-
			Business licenses		1,574,490	-	1,574,490	-
			Franchise license taxes		239,706	-	239,706	-
			Motor vehicle licenses		86,097	-	86,097	-
			Cigarette taxes		191,775	-	191,775	-
			Meals and lodging taxes		4,178,102	-	4,178,102	-
			Noncategorical state and federal aid		104,713	-	104,713	-
			Investment income		121,643	620	122,263	4,274
			Miscellaneous		996,391	301,693	1,298,084	-
			Transfers (Note 4)		1,082,970	(1,082,970)	-	-
			Total general revenues and transfers		10,897,823	(780,657)	10,117,166	4,274
			Change in net position		2,542,712	545,915	3,088,627	(6,404)
			Net position – beginning		16,682,496	16,205,801	32,888,297	(398,258)
			Net position – ending		\$ 19,225,208	\$ 16,751,716	\$ 35,976,924	\$ (404,662)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2022**

	General	Street Maintenance	Nonmajor Governmental Fund	Total
ASSETS				
Cash and investments	\$ 1,487,654	\$ 1,317,296	\$ -	\$ 2,804,950
Cash and investments – restricted	6,697,181	-	9,384	6,706,565
Receivables, net				
Taxes	478,053	-	-	478,053
Accounts	53,032	-	-	53,032
Other	458	-	-	458
Due from component unit	627,501	-	-	627,501
Due from other governments	278,090	-	-	278,090
Prepays	3,311	-	-	3,311
Inventories, net	58,981	-	-	58,981
	<u>\$ 9,684,261</u>	<u>\$ 1,317,296</u>	<u>\$ 9,384</u>	<u>\$ 11,010,941</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 237,743	\$ 876,191	\$ -	\$ 1,113,934
Accrued payroll and related liabilities	70,458	5,277	-	75,735
Unearned grants	3,661,108	-	-	3,661,108
Refundable deposits	9,450	-	-	9,450
	<u>3,978,759</u>	<u>881,468</u>	<u>-</u>	<u>4,860,227</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable/deferred revenue	65,471	-	-	65,471
FUND BALANCES (Note 11)				
Nonspendable	689,793	-	-	689,793
Restricted	3,036,073	-	9,384	3,045,457
Committed	169,718	4,466	-	174,184
Assigned	-	431,362	-	431,362
Unassigned	1,744,447	-	-	1,744,447
	<u>5,640,031</u>	<u>435,828</u>	<u>9,384</u>	<u>6,085,243</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,684,261</u>	<u>\$ 1,317,296</u>	<u>\$ 9,384</u>	<u>\$ 11,010,941</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total fund balances – governmental funds \$ 6,085,243

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets	\$ 52,634,303	
Accumulated depreciation	(32,225,909)	
		20,408,394

Financial statement elements related to other postemployment benefits and pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to:

Pension	194,545	
Other postemployment benefits	777,174	
		971,719

Deferred inflows related to:

Other postemployment benefits		(196,789)
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Net other postemployment benefits liability		(1,538,923)
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Certain other assets are also not available to pay for current period expenditures and, therefore, are reported as deferred inflows in the funds.

65,471

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Bonds payable, including unamortized premiums	(5,279,583)	
Notes payable	(253,710)	
Compensated absences	(550,060)	
Accrued interest	(55,706)	
Landfill	(430,848)	
		(6,569,907)

Total net position – governmental activities \$ 19,225,208

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2022**

	General	Street Maintenance	Nonmajor Governmental Fund	Total
REVENUES				
Property taxes	\$ 1,095,089	\$ -	\$ -	\$ 1,095,089
Other local taxes	7,511,412	-	-	7,511,412
Fines and forfeitures	111,416	-	-	111,416
Permits, privilege fees, and regulatory licenses	79,633	-	-	79,633
Revenue from use of money and property	121,637	-	6	121,643
Charges for services	894,858	-	-	894,858
Miscellaneous	996,391	-	-	996,391
Contributions	12,958	-	-	12,958
Recovered costs	734,884	-	-	734,884
Intergovernmental	877,560	1,769,781	8,500	2,655,841
	<u>12,435,838</u>	<u>1,769,781</u>	<u>8,506</u>	<u>14,214,125</u>
Total revenues				
EXPENDITURES				
Current:				
General government	1,915,428	-	-	1,915,428
Public safety	4,137,077	-	-	4,137,077
Public works	2,977,680	2,000,289	-	4,977,969
Parks, recreation, and cultural	762,384	-	-	762,384
Community development	607,762	-	-	607,762
Debt service:				
Principal	1,501,043	-	-	1,501,043
Interest	257,706	-	-	257,706
	<u>12,159,080</u>	<u>2,000,289</u>	<u>-</u>	<u>14,159,369</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>276,758</u>	<u>(230,508)</u>	<u>8,506</u>	<u>54,756</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,180,153	-	-	1,180,153
Transfers out	(97,183)	-	-	(97,183)
	<u>1,082,970</u>	<u>-</u>	<u>-</u>	<u>1,082,970</u>
Total other financing sources (uses)				
Net change in fund balances	1,359,728	(230,508)	8,506	1,137,726
FUND BALANCES				
Beginning	4,280,303	666,336	878	4,947,517
Ending	<u>\$ 5,640,031</u>	<u>\$ 435,828</u>	<u>\$ 9,384</u>	<u>\$ 6,085,243</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

Net change in fund balances – total governmental funds \$ 1,137,726

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

Governmental funds report outlays for capital assets as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The components of capital outlay, depreciation expense, and other various transactions involving capital assets are as follows:

Outlays for capital assets	\$ 327,331	
Depreciation expense	<u>(1,728,293)</u>	
		(1,400,962)

Transactions involving debt principal and cash flows relating to other long-term items are expenditures in the governmental funds, however these transactions increase or decrease long-term items in the Statement of Net Position.

Principal payments on long-term debt and notes payable	1,501,043	
Amortization of premium	177,916	
Change in accrued interest	<u>13,620</u>	
		1,692,579

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

Employer other postemployment benefit contributions	249,164	
Other postemployment benefit expense	<u>725,733</u>	
		974,897

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

Pension contributions		194,545
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in landfill liability	(18,947)	
Change in compensated absences	<u>(22,731)</u>	
		(41,678)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

		<u>(14,395)</u>
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Total change in net position – governmental activities		<u><u>\$ 2,542,712</u></u>
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The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes				
Real property taxes	\$ 817,000	\$ 817,000	\$ 789,022	\$ (27,978)
Public service corporation property taxes	48,000	48,000	57,874	9,874
Personal property taxes	225,000	225,000	237,029	12,029
Delinquent taxes	1,800	1,800	10,268	8,468
Interest on taxes	1,000	1,000	610	(390)
Penalties on taxes	2,500	2,500	286	(2,214)
	<u>1,095,300</u>	<u>1,095,300</u>	<u>1,095,089</u>	<u>(211)</u>
Other local taxes				
Local sales and use taxes	380,025	380,025	484,499	104,474
Consumption tax	25,500	25,500	28,953	3,453
Consumers' utility taxes	320,000	320,000	367,121	47,121
Business licenses	1,453,000	1,453,000	1,574,490	121,490
Franchise license taxes	230,000	230,000	239,706	9,706
Motor vehicle licenses	75,000	75,000	86,097	11,097
Communication sales and use taxes	350,000	350,000	344,224	(5,776)
Other taxes	-	-	16,445	16,445
Cigarette taxes	215,000	215,000	191,775	(23,225)
Lodging taxes	450,000	450,000	794,209	344,209
Meals taxes	2,805,000	2,805,000	3,383,893	578,893
	<u>6,303,525</u>	<u>6,303,525</u>	<u>7,511,412</u>	<u>1,207,887</u>
Fines and forfeitures				
Court fines	65,000	65,000	69,262	4,262
Other fines and forfeitures	22,000	22,000	42,154	20,154
	<u>87,000</u>	<u>87,000</u>	<u>111,416</u>	<u>24,416</u>
Permits, privilege fees, and regulatory licenses				
Building permits	70,000	70,000	51,826	(18,174)
Other permits, licenses, and fees	20,590	20,590	27,807	7,217
	<u>90,590</u>	<u>90,590</u>	<u>79,633</u>	<u>(10,957)</u>
Revenue from use of money and property				
Revenue from use of money	16,848	16,848	26,218	9,370
Rental of general property and real estate	77,791	77,791	95,419	17,628
	<u>94,639</u>	<u>94,639</u>	<u>121,637</u>	<u>26,998</u>

(Continued)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2022**

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES (Continued)				
Charges for services				
Miscellaneous	\$ 247,572	\$ 247,572	\$ 149,126	\$ (98,446)
ICA per diem	200,000	200,000	167,000	(33,000)
Sanitation fees	347,000	347,000	352,081	5,081
Golf course charges	140,950	140,950	126,098	(14,852)
Longwood Streets	35,000	35,000	35,000	-
Parking meters	30,000	30,000	41,116	11,116
Public works	7,000	7,000	3,137	(3,863)
Grave openings	19,000	19,000	21,300	2,300
	<u>1,026,522</u>	<u>1,026,522</u>	<u>894,858</u>	<u>(131,664)</u>
Miscellaneous				
Payment from PE County for share of debt	226,299	226,299	226,299	-
Setaside account reserve	1,401,152	1,401,152	-	(1,401,152)
Miscellaneous	845,555	1,782,784	770,092	(1,012,692)
	<u>2,473,006</u>	<u>3,410,235</u>	<u>996,391</u>	<u>(2,413,844)</u>
Recovered costs				
Other funds and street department	366,000	366,000	363,448	(2,552)
Library rent	180,000	180,000	180,000	-
Other recovered costs	873,445	923,445	191,436	(732,009)
	<u>1,419,445</u>	<u>1,469,445</u>	<u>734,884</u>	<u>(734,561)</u>
Contributions				
Other contributions	25	25	12,958	12,933
	<u>25</u>	<u>25</u>	<u>12,958</u>	<u>12,933</u>
Intergovernmental				
Revenue from the Commonwealth				
Non-categorical aid				
Mobile home titling tax	500	500	2,087	1,587
Rolling stock taxes – motor vehicle carriers tax	150	150	335	185
Auto rental tax	60,000	60,000	67,716	7,716
	<u>60,650</u>	<u>60,650</u>	<u>70,138</u>	<u>9,488</u>
Categorical aid				
Wireless quarterly payments	105,713	105,713	113,447	7,734
Wireless 911 grant	27,341	27,341	-	(27,341)
Litter control grant	2,500	2,500	4,330	1,830
Law enforcement grant	185,000	202,474	203,158	684
Virginia tourism brochure	2,000	2,000	2,141	141

(Continued)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2022**

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES (Continued)				
Intergovernmental (Continued)				
Categorical aid (Continued)				
DMV and police grants	\$ 65,274	\$ 65,274	\$ 8,422	\$ (56,852)
Fire program	-	-	33,253	33,253
VML safety grant	4,000	4,000	3,943	(57)
	<u>391,828</u>	<u>409,302</u>	<u>368,694</u>	<u>(40,608)</u>
Revenue from the Federal Government				
Emergency service grants	12,180	12,180	-	(12,180)
Police related grants	41,200	41,200	29,658	(11,542)
SLFRF funding	-	318,106	409,070	90,964
	<u>53,380</u>	<u>371,486</u>	<u>438,728</u>	<u>67,242</u>
Total intergovernmental revenue	<u>505,858</u>	<u>841,438</u>	<u>877,560</u>	<u>36,122</u>
Total revenues	<u>\$ 13,095,910</u>	<u>\$ 14,418,719</u>	<u>\$ 12,435,838</u>	<u>\$ (1,982,881)</u>
EXPENDITURES				
Current:				
General government				
Town Council	\$ 348,967	\$ 599,876	\$ 584,864	\$ 15,012
Town Manager	579,210	576,092	489,308	86,784
Finance Director	1,011,693	909,099	841,256	67,843
	<u>1,939,870</u>	<u>2,085,067</u>	<u>1,915,428</u>	<u>169,639</u>
Public safety				
Police department	2,966,960	3,073,245	2,778,745	294,500
911 services	1,976,351	2,034,482	1,193,820	840,662
Fire services	217,527	217,527	164,512	53,015
	<u>5,160,838</u>	<u>5,325,254</u>	<u>4,137,077</u>	<u>1,188,177</u>
Public works				
Recycling department	169,672	169,672	145,224	24,448
Sanitation	871,529	898,395	637,063	261,332
Maintenance of highways and streets	648,380	760,662	629,459	131,203

(Continued)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Current: (Continued)				
Public works (Continued)				
Other department costs	\$ 303,527	\$ 911,830	\$ 273,837	\$ 637,993
Maintenance of building and grounds	1,307,082	1,342,482	1,200,171	142,311
Horticulturist	109,242	112,972	91,926	21,046
	<u>3,409,432</u>	<u>4,196,013</u>	<u>2,977,680</u>	<u>1,218,333</u>
Parks, recreation, and cultural				
Library	30,151	159,658	143,041	16,617
Appropriation – Library – Rent	180,000	180,000	180,000	-
Golf course	346,230	359,148	261,087	98,061
Banquet room	16,301	16,301	6,353	9,948
Sports arena	26,907	24,707	17,746	6,961
Parks and recreation	228,168	245,223	154,157	91,066
	<u>827,757</u>	<u>985,037</u>	<u>762,384</u>	<u>222,653</u>
Community development				
Planning and community development	198,136	254,558	242,302	12,256
Town planner	530,287	539,976	365,460	174,516
	<u>728,423</u>	<u>794,534</u>	<u>607,762</u>	<u>186,772</u>
Debt service:				
Principal	1,501,043	1,501,043	1,501,043	-
Interest	257,711	257,706	257,706	-
	<u>1,758,754</u>	<u>1,758,749</u>	<u>1,758,749</u>	<u>-</u>
Total expenditures	<u>13,825,074</u>	<u>15,144,654</u>	<u>12,159,080</u>	<u>2,985,574</u>
Excess of revenues over expenditures	<u>(729,164)</u>	<u>(725,935)</u>	<u>276,758</u>	<u>1,002,693</u>
OTHER FINANCING SOURCES				
Transfers in	900,000	900,000	1,180,153	280,153
Transfers out	(170,836)	(174,065)	(97,183)	76,882
Total other financing sources	<u>729,164</u>	<u>725,935</u>	<u>1,082,970</u>	<u>357,035</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,359,728</u>	<u>\$ 1,359,728</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

STATEMENT OF NET POSITION –
PROPRIETARY FUNDS

June 30, 2022

	Enterprise Funds				
	Water	Sewer	Transportation	Airport	Total
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 1,885,306	\$ 2,325,861	\$ 979,999	\$ 241,352	\$ 5,432,518
Receivables, net	227,888	267,909	-	-	495,797
Due from other governments	-	-	115,417	34,237	149,654
Inventories	118,423	16,283	-	52,381	187,087
Total current assets	2,231,617	2,610,053	1,095,416	327,970	6,265,056
NONCURRENT ASSETS					
Capital assets:					
Non-depreciable	159,200	113,495	16,050	7,151,475	7,440,220
Depreciable, net	3,025,531	955,448	674,809	2,040,463	6,696,251
Total noncurrent assets	3,184,731	1,068,943	690,859	9,191,938	14,136,471
Total assets	5,416,348	3,678,996	1,786,275	9,519,908	20,401,527
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	13,429	13,203	10,730	-	37,362
Deferred outflows related to other postemployment benefits	61,691	53,809	64,460	6,211	186,171
Total deferred outflows of resources	75,120	67,012	75,190	6,211	223,533
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	12,194	15,837	71,009	35,420	134,460
Accrued payroll and related liabilities	9,717	7,502	6,646	983	24,848
Accrued interest	31,692	-	-	-	31,692
Due to other governments	-	-	71,568	-	71,568
Unearned revenue	22,808	-	-	-	22,808
Refundable deposits	101,925	-	-	-	101,925
Long-term liabilities, due within one year	223,745	7,807	5,827	1,136	238,515
Total current liabilities	402,081	31,146	155,050	37,539	625,816
NONCURRENT LIABILITIES					
Net other postemployment benefit liability	122,157	106,549	127,640	12,300	368,646
Long-term liabilities, due in more than one year	2,772,666	31,227	23,306	4,542	2,831,741
Total noncurrent liabilities	2,894,823	137,776	150,946	16,842	3,200,387
Total liabilities	3,296,904	168,922	305,996	54,381	3,826,203
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to other postemployment benefits	15,621	13,625	16,322	1,573	47,141
Total deferred inflows of resources	15,621	13,625	16,322	1,573	47,141
NET POSITION					
Net investment in capital assets	238,152	1,068,943	690,859	9,191,938	11,189,892
Unrestricted	1,940,791	2,494,518	848,288	278,227	5,561,824
	<u>\$ 2,178,943</u>	<u>\$ 3,563,461</u>	<u>\$ 1,539,147</u>	<u>\$ 9,470,165</u>	<u>\$ 16,751,716</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2022**

	Water	Sewer	Enterprise Funds Transportation	Airport	Total
OPERATING REVENUES					
Charges for services	\$ 1,640,884	\$ 1,948,111	\$ 8,951	\$ 180,489	\$ 3,778,435
OPERATING EXPENSES					
Salaries and wages	302,667	262,786	335,881	44,644	945,978
Benefits	170,895	120,407	102,506	25,319	419,127
Fuel	-	-	71,369	141,552	212,921
Professional fees	14,508	28,232	-	6,110	48,850
Chemicals	79,485	91,369	-	-	170,854
Depreciation	350,411	95,848	197,997	63,456	707,712
Repairs and maintenance	179,393	88,078	54,649	17,737	339,857
Other charges	85,056	37,323	9,756	18,071	150,206
Utilities	94,560	124,104	11,504	12,353	242,521
Insurance	17,620	29,156	20,323	25,518	92,617
General and administrative	91,968	46,466	-	-	138,434
Total operating expenses	1,386,563	923,769	803,985	354,760	3,469,077
Operating income (loss)	254,321	1,024,342	(795,034)	(174,271)	309,358
NONOPERATING REVENUES (EXPENSES)					
Tap income	122,011	79,982	-	-	201,993
Rental income	48,233	-	-	6,660	54,893
Other income	9,881	20,065	8,896	5,965	44,807
Federal and state grants	510	675	683,706	323,467	1,008,358
Other contributions	-	-	96,525	7,600	104,125
Interest income	-	-	-	620	620
Interest expense	(95,269)	-	-	-	(95,269)
Total nonoperating revenues (expenses)	85,366	100,722	789,127	344,312	1,319,527
Income (loss) before transfers	339,687	1,125,064	(5,907)	170,041	1,628,885
Transfers in	-	-	-	97,183	97,183
Transfers out	(730,153)	(450,000)	-	-	(1,180,153)
	(730,153)	(450,000)	-	97,183	(1,082,970)
Change in net position	(390,466)	675,064	(5,907)	267,224	545,915
Total net position – beginning	2,569,409	2,888,397	1,545,054	9,202,941	16,205,801
Total net position – ending	\$ 2,178,943	\$ 3,563,461	\$ 1,539,147	\$ 9,470,165	\$ 16,751,716

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2022**

	Water	Sewer	Enterprise Funds Transportation	Airport	Total
OPERATING ACTIVITIES					
Received from customers	\$ 1,703,794	\$ 1,962,982	\$ 8,951	\$ 180,489	\$ 3,856,216
Payments to suppliers for goods and services	(679,610)	(555,562)	(166,794)	(216,640)	(1,618,606)
Payments to employees for services	(605,757)	(494,960)	(542,313)	(62,954)	(1,705,984)
Nonoperating revenue	202,933	100,047	8,896	12,625	324,501
Net cash provided by (used in) operating activities	621,360	1,012,507	(691,260)	(86,480)	856,127
NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	(730,153)	(450,000)	-	97,183	(1,082,970)
Operating grants received	510	675	874,729	7,600	883,514
Net cash provided by (used in) noncapital financing activities	(729,643)	(449,325)	874,729	104,783	(199,456)
CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(107,574)	(35,043)	-	(383,786)	(526,403)
Capital contributions received	-	-	-	364,463	364,463
Principal payments on long-term debt	(175,000)	-	-	-	(175,000)
Interest payments on long-term debt	(131,028)	-	-	-	(131,028)
Net cash used in capital and related financing activities	(413,602)	(35,043)	-	(19,323)	(467,968)
INVESTING ACTIVITIES					
Interest on investments	-	-	-	620	620
Net increase (decrease) in cash and investments	(521,885)	528,139	183,469	(400)	189,323
CASH AND CASH EQUIVALENTS					
Beginning	2,407,191	1,797,722	796,530	241,752	5,243,195
Ending	\$ 1,885,306	\$ 2,325,861	\$ 979,999	\$ 241,352	\$ 5,432,518

(Continued)

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Enterprise Funds Transportation</u>	<u>Airport</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ 254,321	\$ 1,024,342	\$ (795,034)	\$ (174,271)	\$ 309,358
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	350,411	95,848	197,997	63,456	707,712
OPEB expense	(108,379)	(76,737)	(81,192)	7,662	(258,646)
Pension expense	(13,429)	(13,203)	(10,730)	-	(37,362)
Nonoperating revenue, net	202,933	100,047	8,896	12,625	324,501
Change in operating assets and liabilities					
Change in receivables	64,379	14,871	-	-	79,250
Change in inventories	(5,794)	(5,128)	-	(32,528)	(43,450)
Change in accounts payable	(111,226)	(105,706)	807	37,229	(178,896)
Change in accrued payroll and related liabilities	(10,387)	(21,827)	(12,004)	(653)	(44,871)
Change in refundable deposits	(1,469)	-	-	-	(1,469)
Net cash provided by (used in) operating activities	<u>\$ 621,360</u>	<u>\$ 1,012,507</u>	<u>\$ (691,260)</u>	<u>\$ (86,480)</u>	<u>\$ 856,127</u>
SCHEDULE OF NONCASH ACTIVITIES					
Capital assets purchases included in accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,329</u>	<u>\$ 33,649</u>	<u>\$ 94,978</u>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION –
CUSTODIAL FUND
June 30, 2022

	Paulette Memorial Trust Fund
	<hr/>
ASSETS	
Cash	\$ 585
	<hr/>
NET POSITION	
Restricted for employees	\$ 585
	<hr/> <hr/>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
CUSTODIAL FUND
Year Ended June 30, 2022**

	Paulette Memorial Trust Fund
	<hr/>
ADDITIONS	
Interest	\$ 1
	<hr/>
DEDUCTIONS	
Administrative expenses	325
	<hr/>
Decrease in fiduciary net position	(324)
NET POSITION	
Beginning	909
	<hr/>
Ending	\$ 585
	<hr/> <hr/>

The Notes to Financial Statements are an integral part of this statement.

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies

A. The Financial Reporting Entity

The Town of Farmville, Virginia (the “Town”), which was founded in 1798, has a population of approximately 7,473 living within an area of 7.2 square miles. The Town is located in the heart of Virginia. The accompanying financial statements present the government and its component unit, which are legally separate entities for which the Town is financially accountable.

Primary Government: The Town is governed under the Town Manager-Council form of government. The Town engages in a comprehensive range of municipal services, including general government administration, public safety, transportation and environmental services, planning, community development and recreation, cultural, library, and historic activities.

Discretely Presented Component Unit: The Farmville Industrial Development Authority (the “IDA”) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Town Council pursuant to provisions of the Industrial Revenue Bond Act of the *Code of Virginia* (1950), as amended. Seven directors appointed by the Town Council of Farmville govern the IDA. The Town provides the majority of the IDA’s funding. The IDA operates as a component unit solely for the purpose of economic development for the Town. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Virginia.

Complete financial statements for the component unit may be obtained at the entities’ offices:

Farmville Industrial Development Authority
116 North Main Street
Farmville, Virginia 23901

Jointly governed organizations

Central Virginia Regional Library

The Library provides library services to the Town of Farmville, Virginia. The participating localities provide annual contributions for operations based on book circulation. No one locality contributes significantly more funding nor can impose its will on the organization, and there is no financial benefit/burden relationship. The Town appropriated \$63,136 in operating funds and \$180,000 for rent subsidy in fiscal year 2022. The Town has no equity interest in the Library.

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities report all of the nonfiduciary activities of the primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. *Direct expenses* are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. *Program revenues* include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

Fund Financial Statements: The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are spent and the means by which spending activities are controlled. The various fund categories and fund types presented in the financial statements are described below:

Governmental fund types

The Town reports the following major governmental funds:

General Fund: The General Fund is the primary operating fund of the Town. It accounts for all financial resources except those required to be accounted for in another fund.

Street Maintenance Fund: Street Maintenance Fund is a special revenue fund that accounts for the maintenance of the Town's streets.

The Town reports the following nonmajor governmental fund:

Special Revenue Fund: This fund consists of the Narcotic Fund that accounts for special police activity having to do with narcotics and drug seizures and forfeitures.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Proprietary fund types

Enterprise Funds: Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's major enterprise funds consist of the Water, Sewer, Transportation, and Airport funds.

Fiduciary fund types

Paulette Memorial Trust Fund: The Paulette Memorial Trust Fund was formally used to account for assets held by the Town in a trustee capacity for the Paulette Family graves.

Interfund Activity: During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements, such that only net amounts due between governmental and business-type activities are shown as internal balances.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in and out. Certain eliminations are made in the preparation of the government-wide financial statements.

C. Measurement Focus and Basis of Accounting

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

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both “measurable” and “available.” Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 45 days of the end of the current fiscal period for most non-grant revenues. Reimbursement basis grants are recognized as revenue when all eligibility requirements are met and are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Intergovernmental revenues, consisting principally of categorical aid from federal and state agencies, are recognized when earned or at the time of the specific expenditure. Sales, communication, and public utility taxes, which are collected by the Commonwealth of Virginia and public utilities, respectively, and subsequently remitted to the Town, are recognized as revenues and receivables when measurable and available.

Proprietary fund types utilize the accrual basis of accounting. Revenues are recognized when earned, including unbilled utility receivables, and expenses are recognized when incurred. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds and of the Town’s internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds utilize the accrual basis of accounting.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

- **Cash and cash equivalents**

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered cash equivalents.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Receivables**

Receivables are presented net of an allowance for doubtful accounts, which is calculated using historical collection data and specific account analysis.

- **Inventories**

Inventories in the General Fund consist of supplies, valued using the average cost method, and are reported using the consumption method, in which an expenditure is reported when the supplies are removed from inventory and used. Inventories in the Enterprise Funds consist primarily of parts held for repairs or construction, and are valued using the average cost method.

- **Capital Assets**

Capital outlays are recorded as capital assets to the extent the Town's capitalization threshold is met. The capitalization threshold for purchased or constructed capital assets is \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. The Town does not capitalize historical treasures or works of art. The Town maintains many items and buildings of historical significance. The Town does not require that the proceeds from the sale of historical treasures or works of art be used to acquire other items for the collection. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives of capital assets are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in current year's operations.

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

Buildings	10-50 years
Furniture and other equipment	3-25 years
Infrastructure	40 years

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Deferred Outflows/Inflows of Resources**

In addition to assets, the statements that present net position report a separate section for *deferred outflows of resources*. These items represent a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements that present financial position report a separate section for *deferred inflows of resources*. These items represent an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has the following items that qualify for reporting as deferred inflows or outflows:

- Contributions subsequent to the measurement date for pension and OPEB are always a deferred outflow; this will be applied to the pension or OPEB liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors as well as changes in actuarial assumptions in the measurement of the total OPEB liabilities. These differences will be recognized in the OPEB expense over the expected average remaining service life of all employees provided with benefits in the plans and may be reported as a deferred inflow or outflow as appropriate.
- Unavailable revenue is reported only in the governmental funds balance sheet for receivables not collected within 45 days of year end. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

- **Unearned revenue**

Unearned revenue consists of American Rescue Plan Act monies received in advance and not spent at year end. It also consists of lease revenue that has not been earned at year end.

- **Compensated Absences**

Compensated absences are reported in governmental funds only when they are due. In enterprise funds, both the expenses and the liabilities are recorded as the benefits are earned. All liabilities, current and long-term, are recorded in the government-wide statements.

- **Vacation and Sick Pay**

The Town's policy regarding vacation and sick pay allows for a maximum carryover of 480 hours at the end of the calendar year. Unused vacation and sick pay is paid upon termination or retirement of employment up to 75% of the unused hours. Such amounts are recorded as liabilities in the governmental fund financial statements when they have matured as a result of employee resignations and retirements. In proprietary funds, both the expenses and the liabilities are recorded as benefits as earned. All vacation and sick pay is accrued when incurred in the government-wide financial statements. Each operating fund is responsible for covering its share of vacation and sick pay liability.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Long-Term Debt**

For governmental fund types, bond premiums or discounts as well as issuance costs are recognized during the current period. Bond proceeds and any premiums and discounts are reported as an other financing source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For enterprise funds and on the government-wide financial statements bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed in the year of issue.

- **Net Position/Fund Balance**

Net position in government-wide and proprietary financial statements is classified as net investment in capital assets, restricted and unrestricted. Restricted net position reflects constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statutes.

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.

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – includes amounts associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – includes amounts that can be used only for specific purposes determined by the Town's highest level of decision-making authority, which is the Town Council. Formal Council action includes the annual adoption of the Town's Budget Ordinance including subsequent ordinances appropriating funds and amending budgets. Although budgets lapse for legal purposes, they are intended to reflect Council's commitment of resources.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position (Continued)

- **Net Position/Fund Balance (Continued)**

Assigned – includes amounts intended to be used by the Town for specific purposes but which do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assignments are made through the budget process and periodic financial reviews with the joint approval of the Town Manager and the Finance Director.

Unassigned – consists of the residual amounts in the Town’s General Fund.

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-Town funds, and Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed by committed fund balance, then assigned fund balance, and lastly unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is considered in the best interest of the Town.

At June 30, 2022, the IDA had a deficit in unrestricted net position of \$404,662. This deficit is anticipated to be recovered through future revenues, as well as possible contributions from the Town.

E. Estimates

Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and reported revenue, expenditures, and expenses. Actual results could differ from these estimates.

F. Budgetary Information

Prior to June 30, the Town Manager submits to Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means to finance them. After a public hearing has been conducted to obtain taxpayer comments, the budget is legally adopted through passage of an ordinance prior to July 1, of each year.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1. Summary of Significant Accounting Policies (Continued)

F. Budgetary Information (Continued)

The legal level of budgetary control is effective at the department level. The Town Manager is authorized to transfer budgeted amounts within each department but not between departments or funds. Transfers between departments and funds require Town Council approval.

An annual operating budget is adopted for only the General Fund. All budgets are presented on the modified accrual basis of accounting. Effective budgetary control is achieved for the Street Maintenance Fund on a project-by-project or per grant basis when funding sources become available.

Budgets are adopted for management control for the Enterprise Funds. The restrictions on transfer of budgeted amounts for governmental funds also apply to the Enterprise Funds.

All appropriations lapse at year end.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is employed as an extension of formal budgetary integration in the governmental funds.

Note 2. 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 amount 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 Virginia State Non-Arbitrage Program (SNAP); and the State Treasurer’s Local Government Investment Pool (LGIP).

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 2. Deposits and Investments (Continued)

Investments (Continued)

The Town does not have a formal investment policy addressing the various types of risks associated with investments. The Town currently holds no investments (with the exception of the Retirement Plan Fiduciary Fund). Therefore, interest rate risk and concentration of credit risk is not applicable.

Deposits and investments consist of the following:

	Town of Farmville	Component Unit – Farmville IDA
Petty cash	\$ 3,000	\$ -
Deposit accounts	<u>14,941,033</u>	<u>69,119</u>
Total deposits and investments	<u><u>\$ 14,944,033</u></u>	<u><u>\$ 69,119</u></u>
Reconciliation of deposits and investments to Exhibit 1:		
Cash and cash equivalents	\$ 8,237,468	\$ 69,119
Cash and cash equivalents, restricted	<u>6,706,565</u>	<u>-</u>
Total deposits and investments	<u><u>\$ 14,944,033</u></u>	<u><u>\$ 69,119</u></u>

Restricted cash and cash equivalents

Restricted cash and cash equivalents consists of the following:

	Governmental Activities
Maintained as a condition of certain bond instruments	\$ 2,007,733
Grant restrictions	<u>4,698,832</u>
	<u><u>\$ 6,706,565</u></u>

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 3. Receivables

Receivables for the individual major funds are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Component Unit Farmville IDA</u>
Receivables			
Taxes	\$ 485,237	\$ -	\$ -
Accounts	61,342	528,341	-
Other	458	15,586	25,111
	<u>547,037</u>	<u>543,927</u>	<u>25,111</u>
Gross receivables	547,037	543,927	25,111
Less: allowance for uncollectible	(15,494)	(48,130)	-
	<u>(15,494)</u>	<u>(48,130)</u>	<u>-</u>
Net receivables	<u>\$ 531,543</u>	<u>\$ 495,797</u>	<u>\$ 25,111</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At June 30, 2022, *unavailable revenue* related to taxes receivable was \$65,471.

Note 4. Transfers

Transfers between funds are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds:			
General Fund	\$ 1,180,153	\$ (97,183)	\$ 1,082,970
	<u>\$ 1,180,153</u>	<u>\$ (97,183)</u>	<u>\$ 1,082,970</u>
Enterprise Funds:			
Sewer Fund	\$ -	\$ (450,000)	\$ (450,000)
Water Fund	-	(730,153)	(730,153)
Airport Fund	97,183	-	97,183
	<u>\$ 97,183</u>	<u>\$ (1,180,153)</u>	<u>\$ (1,082,970)</u>

Transfers from the General Fund to the Airport Fund was required to match grant funding for the Airport project.

Transfers from the water and sewer funds are received by the general fund, and represent contributions from these funds to support the Town's operations.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 5. Balance Between Town and Component Unit

Due to prior year deficits in operations, the Town of Farmville, Virginia has funded the IDA resources to meet its loan obligations. During the year ended June 30, 2022, operations did not produce an operating gain, and therefore no existing cash balances were able to reimburse a portion of the deficit to the Town. The IDA owed the Town \$422,591 at June 30, 2022. The IDA anticipates paying the “Due to” down through future administrative fees collected on sponsorship of industrial bonds for area businesses.

In 2012, the Town refinanced the bonds in which the IDA shared responsibility. As of the refinance, the IDA now is responsible for 2.942% of the total proceeds to be repaid to the Town. The debt service schedule calls for semi-annual payments with interest only due each April 1 and principal and interest due each October 1 through 2033. There is no collateral for this loan.

At June 30, 2022, the balance owed to the Town from the component unit Farmville Industrial Development Authority consists of the following:

Payables	\$ 422,591
Bond payments	<u>204,910</u>
	627,501
Less: long-term portion	<u>(582,783)</u>
Current portion	<u><u>\$ 44,718</u></u>

The annual requirements to amortize long-term bond payments and related interest are as follows:

<u>Fiscal Year</u>	<u>Due to Town (Bond Re-Payments)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 44,718	\$ 9,145	\$ 53,863
2024	39,423	7,055	46,478
2025	31,185	5,246	36,431
2026	32,950	3,603	36,553
2027	10,297	2,525	12,822
2028-2032	37,658	7,162	44,820
2033	<u>8,679</u>	<u>222</u>	<u>8,901</u>
	<u><u>\$ 204,910</u></u>	<u><u>\$ 34,958</u></u>	<u><u>\$ 239,868</u></u>

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 6. Due From Other Governmental Units

Amounts due from other governments consist of the following:

	Governmental Activities	Business-Type Activities
Federal and state funding:		
Other miscellaneous taxes	\$ 23,646	\$ -
Transportation operations	-	115,417
Airport construction	-	34,237
Utility tax	28,199	-
Communication tax	61,789	-
Other miscellaneous state and federal grants	44,694	-
Sales taxes	40,546	-
Prince Edwards County	79,216	-
	<u>\$ 278,090</u>	<u>\$ 149,654</u>

Note 7. Note Receivable

Component unit

The IDA currently has one note receivable outstanding for the fiscal year ended June 30, 2022 as follows:

A \$600,000 note bearing an interest rate of 2.56 % (rate of interest is 2.31% plus .25% for admin.). The loan is secured by the guarantee of the owner and his related business. The note requires interest payments semiannually in April and October and principal payments every October only. As of June 30, 2022, the balance of the note was \$155,282.

Based on the IDA's analysis of the note at June 30, 2022, no allowance was recorded. Management evaluates the performance and payment history of the company annually in determining the required allowance.

The schedule of principal payments to be received is as follows:

Fiscal Year	Notes Receivable		
	Principal	Interest	Total
2023	\$ 29,978	\$ 3,592	\$ 33,570
2024	29,954	2,825	32,779
2025	31,073	2,044	33,117
2026	32,186	1,234	33,420
2027	32,091	410	32,501
	<u>\$ 155,282</u>	<u>\$ 10,105</u>	<u>\$ 165,387</u>

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8. Capital Assets

Capital asset activity for the year was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 3,803,356	\$ -	\$ -	\$ 3,803,356
Total capital assets, not depreciated	<u>3,803,356</u>	<u>-</u>	<u>-</u>	<u>3,803,356</u>
Capital assets, depreciated				
Buildings and improvements	16,128,846	-	-	16,128,846
Infrastructure	25,966,598	89,316	(118,511)	25,937,403
Vehicles and equipment	<u>6,487,169</u>	<u>489,373</u>	<u>(211,844)</u>	<u>6,764,698</u>
Total capital assets, depreciated	<u>48,582,613</u>	<u>578,689</u>	<u>(330,355)</u>	<u>48,830,947</u>
Less accumulated depreciation				
Buildings and improvements	(7,331,152)	(506,605)	-	(7,837,757)
Infrastructure	(18,030,582)	(642,739)	118,511	(18,554,810)
Vehicles and equipment	<u>(5,214,879)</u>	<u>(830,307)</u>	<u>211,844</u>	<u>(5,833,342)</u>
Total accumulated depreciation	<u>(30,576,613)</u>	<u>(1,979,651)</u>	<u>330,355</u>	<u>(32,225,909)</u>
Total capital assets, depreciated, net	<u>18,006,000</u>	<u>(1,400,962)</u>	<u>-</u>	<u>16,605,038</u>
Governmental activities capital assets, net	<u>\$ 21,809,356</u>	<u>\$ (1,400,962)</u>	<u>\$ -</u>	<u>\$ 20,408,394</u>

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8. Capital Assets (Continued)

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not depreciated				
Land	\$ 683,098	\$ -	\$ -	\$ 683,098
Construction in progress	8,142,193	133,454	(1,518,525)	6,757,122
Total capital assets, not depreciated	8,825,291	133,454	(1,518,525)	7,440,220
Capital assets, depreciated				
Buildings and improvements	2,868,124	108,990	-	2,977,114
Infrastructure	26,992,908	1,518,525	(187)	28,511,246
Vehicles and equipment	1,964,956	203,946	(90,208)	2,078,694
Total capital assets, depreciated	31,825,988	1,831,461	(90,395)	33,567,054
Less accumulated depreciation				
Buildings and improvements	(2,107,717)	(67,388)	-	(2,175,105)
Infrastructure	(22,488,590)	(441,957)	187	(22,930,360)
Vehicles and equipment	(1,657,179)	(198,367)	90,208	(1,765,338)
Total accumulated depreciation	(26,253,486)	(707,712)	90,395	(26,870,803)
Total capital assets, depreciated, net	5,572,502	1,123,749	-	6,696,251
Business-type activities capital assets, net	<u>\$ 14,397,793</u>	<u>\$ 1,257,203</u>	<u>\$ (1,518,525)</u>	<u>\$ 14,136,471</u>

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8. Capital Assets (Continued)

Depreciation expense, excluding transfers, was charged to functions/programs as follows:

Governmental activities	
General government administration	\$ 15,196
Public safety	392,681
Public works	1,225,019
Parks, recreation, and cultural	95,195
Community development	202
	<u>\$ 1,728,293</u>
Business-type activities	
Water fund	\$ 350,411
Sewer fund	95,848
Transportation fund	197,997
Airport fund	63,456
	<u>\$ 707,712</u>

Note 9. Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 5,670,000	\$ -	\$ 1,280,000	\$ 4,390,000	\$ 1,340,000
Bond premium	1,067,499	-	177,916	889,583	177,916
Notes payable	474,753	-	221,043	253,710	124,385
Compensated absences	527,329	128,197	105,466	550,060	110,012
Landfill liability	411,901	18,947	-	430,848	-
	<u>\$ 8,151,482</u>	<u>\$ 147,144</u>	<u>\$ 1,784,425</u>	<u>\$ 6,514,201</u>	<u>\$ 1,752,313</u>
Governmental activities long-term liabilities					
	<u>\$ 8,151,482</u>	<u>\$ 147,144</u>	<u>\$ 1,784,425</u>	<u>\$ 6,514,201</u>	<u>\$ 1,752,313</u>
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General obligation bonds	\$ 2,750,000	\$ -	\$ 175,000	\$ 2,575,000	\$ 180,000
Bond premium	405,358	-	33,779	371,579	33,779
Compensated absences	126,200	22,717	25,240	123,677	24,736
	<u>\$ 3,281,558</u>	<u>\$ 22,717</u>	<u>\$ 234,019</u>	<u>\$ 3,070,256</u>	<u>\$ 238,515</u>
Business-type activities long-term liabilities					
	<u>\$ 3,281,558</u>	<u>\$ 22,717</u>	<u>\$ 234,019</u>	<u>\$ 3,070,256</u>	<u>\$ 238,515</u>

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 9. Long-Term Liabilities (Continued)

Governmental activities long-term liabilities are liquidated by the general fund.

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

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	General Obligation Bonds		General Obligation Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,340,000	\$ 188,150	\$ 180,000	\$ 122,706	\$ 1,520,000	\$ 310,856
2024	1,150,000	126,044	190,000	113,775	1,340,000	239,819
2025	860,000	74,538	200,000	103,781	1,060,000	178,319
2026	910,000	29,181	210,000	93,275	1,120,000	122,456
2027	130,000	2,931	220,000	82,907	350,000	85,838
2028-2032	-	-	1,280,000	243,100	1,280,000	243,100
2033	-	-	295,000	7,559	295,000	7,559
	<u>\$ 4,390,000</u>	<u>\$ 420,844</u>	<u>\$ 2,575,000</u>	<u>\$ 767,103</u>	<u>\$ 6,965,000</u>	<u>\$ 1,187,947</u>

Year Ending June 30,	Governmental Activities	
	Note payable	
	Principal	Interest
2022	\$ 124,385	\$ 6,624
2023	64,917	3,419
2024	61,748	1,432
2025	2,660	11
	<u>\$ 253,710</u>	<u>\$ 11,486</u>

Details of long-term indebtedness are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Governmental Activities	Business-Type Activities
General Obligation Bonds						
Virginia Resources Authority:						
Refunding Series 2012A	2.125 – 5.125%	06/2012	2032	\$ 19,015,000	<u>\$ 4,390,000</u>	<u>\$ 2,575,000</u>
Notes Payable						
USDA Rural Development:						
General Improvement 2016	2.880	06/2016	2023	41,000	\$ 5,916	
General Improvement 2018	3.250	05/2018	2025	94,000	42,040	
Benchmark Community Bank						
Benchmark – 7 yr	3.240	08/2018	2025	300,000	140,047	
Benchmark – 5 yr	2.990	08/2018	2023	286,297	<u>65,707</u>	
					<u>\$ 253,710</u>	

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 10. Landfill Obligation

The Town closed its former landfill site in 1990. In accordance with federal and state laws, the Town placed a final cover on this site and was required to perform certain maintenance and monitoring functions for a minimum of ten years after closure. The Town will recognize the remaining estimated costs of closure and post-closure care of \$430,848 as the cost to finalize closure of its landfill. These amounts are based on what it would cost to perform all closure and post-closure care as of June 30, 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The Town is paying these costs on an annual pay-as-you-go basis.

Note 11. Fund Balances

Fund balances are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds.

	General Fund	Street Maintenance Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories	\$ 58,981	\$ -	\$ -	\$ 58,981
Prepays	3,311	-	-	3,311
IDA note receivable, long term portion	627,501	-	-	627,501
Total nonspendable	689,793	-	-	689,793
Restricted for:				
Unspent grant proceeds	5,950	-	-	5,950
Police	-	-	9,384	9,384
Required debt service	2,007,733	-	-	2,007,733
E911 reserve	1,014,495	-	-	1,014,495
Narcotics reserve	7,895	-	-	7,895
Total restricted	3,036,073	-	9,384	3,045,457
Committed to:				
Police	6,232	-	-	6,232
Public works	163,486	-	-	163,486
Street maintenance	-	4,466	-	4,466
Total committed	169,718	4,466	-	174,184
Assigned to:				
Public works	-	431,362	-	431,362
Total assigned	-	431,362	-	431,362
Unassigned	1,744,447	-	-	1,744,447
Total fund balance	\$ 5,640,031	\$ 435,828	\$ 9,384	\$ 6,085,243

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 12. Defined Contribution Plan

Effective July 1, 1982, the Town established a defined contribution plan (the “DC Plan”) for its employees. The DC Plan is administered by Ascensus. All full time employees are eligible to become a participant on the first day of the month coinciding with or next following completion of 90 days of continuous service and the attainment of age 18. Plan provisions and contribution rates for Town and employees are established and may be amended by Town Council.

The Town’s employees can contribute not less than 4% of his/her base compensation and not to exceed the maximum percentage or amount allowable by law. The Town will match the employee contribution of either 4 or 5 percent. Employees determine how their account balance is invested from a range of available options. DC Plan contributions vest ratably over a five year period. If the employee leaves the Town before they are fully vested, part of the account balance may be forfeited. Forfeitures by policy are used to reduce the Town’s contributions. For the year ended June 30, 2022, \$-0-, of forfeitures were used to reduce the Town’s contributions.

At June 30, 2022, there were 37 active Town employees and a total of 82 participants, including terminated employees enrolled in the DC Plan. During the year, the Town contributed a total of \$92,606 for active employees.

Note 13. Defined Benefit Pension Plan

Plan Description

The Town joined the Virginia Retirement System In September 2021. All full-time, salaried permanent employees of the Town are automatically covered by the VRS Retirement Plan upon employment. This multi-employer cost-sharing is administered by the Virginia Retirement System (the “System”) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

- <https://www.varetire.org/members/benefits/defined-benefit/plan1.asp>,
- <https://www.varetire.org/members/benefits/defined-benefit/plan2.asp>,
- <https://www.varetirement.org/hybrid.html>.

Contributions

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

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 13. Defined Benefit Pension Plan (Continued)

Contributions (Continued)

The Town's contractually required contribution rate for the year ended June 30, 2022 was 7.87% of covered employee compensation. This rate was based on an actuarially determined rate from the Virginia Retirement System.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$231,907 for the year ended June 30, 2022.

Net Pension Liability, Pension Expense and Deferred Outflows of Resources Related to Pension

As discussed, the Town joined the Virginia Retirement system during fiscal year 2022. Until the first full year of participation has occurred, no actuarial studies specific to the Town's pension plan will be available, and as a result, the Town has no net pension liability or pension expense to record for the year ended June 30, 2022. In addition, due to the lack of actuarial study, all disclosures concerning actuarial assumptions, expected rate of return on pension plan investments, and discount rate have been excluded. As June 30, 2022 the Town reported \$231,907 as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

Note 14. Other Postemployment Benefits – Local Plan

Plan description

In December of 2002, The Town established a "Medical Policy for Certain Retirees". The Plan is intended to provide compensation for certain retirees to assist them in obtaining retiree medical benefits. Under the Plan, eligible retirees receive periodic payments (monthly, paid quarterly) based on the Plan's benefit formula. Payments are determined at retirement based on the retiree's service; a minimum of 25 years is required to receive the benefit. Payments are made over the duration of the retiree's remaining lifetime, with payments ceasing upon the retiree's death. On September 20, 2021, the Town elected to freeze the plan and not allow any new employees to enter the plan. Only permanent full-time employees who have completed at least one year of employment as of June 30, 2021 are eligible. Retirees as of June 30, 2021, will have grandfathered benefits and will continue to receive their quarterly benefits, without change, for the remainder of their lifetime.

Benefits provided

Prior to September 20, 2021, the Town provided \$250 per month, plus \$10 per month for each year of credit service in excess of 25. Payments are made quarterly to participants for the retiree's lifetime. Subsequent to the plan being frozen, retirees can elect to receive quarterly payments over 10 years or one lump sum payment equal to 80% of what the payments would be over 10 years. The annual benefit ranges from \$500-\$3,000 depending on years of service.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Other Postemployment Benefits – Local Plan (Continued)

Employees covered by benefit terms

The number of participants at June 30, 2021 was as follows:

Retirees currently receiving benefits	12
Active employees	88
Total	<u>100</u>

Total OPEB liability

The Town's total OPEB liability of \$1,907,569 was measured as of June 30, 2021, and was determined based on an actuarial valuation performed as of July 1, 2021.

Actuarial assumptions and other inputs

The total OPEB liability was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases, including inflation	3.00%
Actuarial funding method	Entry Age Normal, level % of pay
Discount rate	2.16% Bond Buyer 20-Bond GO Index
Actuarial cost method	Entry Age Normal

Mortality rates: RP-2014, generational Scale MP-2021 for males and females.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2020 through June 30, 2021.

Changes in assumptions and other inputs reflect a change in the discount rate and the mortality scale.

Changes in the total OPEB liability

Balance at June 30, 2021	<u>\$ 2,924,011</u>
Changes for the year:	
Service cost	42,010
Interest	63,995
Change of benefit terms	(1,057,554)
Differences between expected and actual experience	(16,877)
Assumption or other input changes	8,604
Benefit payments	<u>(56,620)</u>
Net changes	<u>(1,016,442)</u>
Balance at June 30, 2022	<u>\$ 1,907,569</u>

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 14. Other Postemployment Benefits – Local Plan (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	1.00% Decrease (1.16%)	Current Discount Rate (2.16%)	1.00% Increase (3.16%)
Total OPEB liability	\$ 2,009,926	\$ 1,907,569	\$ 1,815,613

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2022, the Town recognized OPEB benefit of \$892,080. At June 30, 2022, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 647,298	\$ 134,935
Difference between expected and actual experience	4,567	108,995
Employer contributions subsequent to measurement date	311,480	-
	<u>\$ 963,345</u>	<u>\$ 243,930</u>

The \$311,480 reported as deferred outflows of resources related to OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the new OPEB liability in the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Increase to OPEB Expense
2023	\$ 59,469
2024	59,469
2025	59,469
2026	59,469
2027	59,469
Thereafter	110,590

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 15. Summary of Pension and Other Postemployment Benefit Elements

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Deferred outflows of resources – pensions			
Employer contributions subsequent to the measurement date			
VRS	\$ 194,545	\$ 37,362	\$ 231,907
Deferred outflows of resources – OPEB			
Change in assumptions			
Local plan	\$ 524,311	\$ 122,987	\$ 647,298
Difference between expected and actual experience			
Local plan	3,699	868	4,567
Employer contributions subsequent to the measurement date			
Local plan	249,164	62,316	311,480
Total deferred outflows of resources – OPEB	\$ 777,174	\$ 186,171	\$ 963,345
Net OPEB liability			
Local plan	\$ 1,538,923	\$ 368,646	\$ 1,907,569
Deferred inflows of resources – OPEB			
Difference between expected and actual experience			
Local plan	\$ 88,286	\$ 20,709	\$ 108,995
Changes in assumptions			
Local plan	108,503	26,432	134,935
Total deferred inflow of resources – OPEB	\$ 196,789	\$ 47,141	\$ 243,930
OPEB benefit			
Local plan	\$ 722,585	\$ 169,495	\$ 892,080

Note 16. Property Taxes

Real and property taxes are levied on a calendar year basis. The Counties provide the Town with the assessed value as of January 1 for real and personal property. Real estate taxes are payable December 15. The real estate tax rate was \$0.13 and \$0.12 per \$100 of assessed value for the years ending June 30, 2022 and 2021.

Personal property taxes are payable on December 15. The personal property tax rate was \$1.50 per \$100 for both 2022 and 2021. A penalty of 10% for late payment and interest at the rate of 10% per annum, is charged on unpaid balances. The Town bills and collects its own property taxes.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 17. Risk Management

The Risk Management programs of the Town are as follows:

General liability and other

The Town purchases insurance coverage for exposure related to property, general, boiler and machinery, flood, accident and automobile liability from Virginia Aisle Sharing Association Programs. The Town's property and contents are insured up to a limit of approximately \$67,000,000. The Town maintains an additional \$1,000,000 umbrella policy over all forms of liability insurance. The Town's Public Officials and Law Enforcement Liability coverages, with a \$1,000,000 limit for each, are provided through a policy with the Commonwealth of Virginia. Total premiums for fiscal year 2022 were \$362,427.

The Town continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. The Component Unit Farmville IDA carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town has a Surety Bond on the Finance Director of \$50,000 and all other town employees a blanket bond of \$50,000.

Note 18. Commitments and Contingencies

Grants

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, would not be material to the financial position of the Town.

Note 19. Incentive Grants

In fiscal year 2018, the IDA, in conjunction with the Town of Farmville, entered into a performance agreement with Hotel Weyanoke LLC. The IDA and other parties agreed to provide certain cash incentives to Hotel Weyanoke LLC provided the Hotel meets the capital investment set forth in the agreement. During fiscal year 2022, the Hotel was considered in compliance with performance requirements to date.

Note 20. New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following Statements which are not yet effective. The effective dates below are updated based on **Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

In May 2019, the GASB issued **Statement No. 91, *Conduit Debt Obligations***. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 20. New Accounting Standards (Continued)

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to 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 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements 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.

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

Note 21. Subsequent Events

On July 6, 2022, Town Council approved a resolution for the Town Manager to enter a capital lease with a bank for the leasing of five police vehicles. The total amount to be financed is \$173,000 at a rate of 2.75%. Payments will be made semi-annually with the first payment due January 1, 2023.

On August 10, 2022, Town Council elected to sell the golf course for \$995,000. The current net book value of the assets is below the selling price, therefore, there is no impairment of assets. These assets are currently included in the Governmental Activities fixed assets at June 30, 2022.

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF FARMVILLE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF PENSION CONTRIBUTIONS
June 30, 2022**

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
2022	\$ 231,907	\$ 231,907	\$ -	\$ 2,947,021	7.87 %

This schedule is intended to show information for 10 years. Since 2022 was the first year for this presentation, no earlier data is available. However, additional years will be included as they become available.

The covered payroll amounts above are for the Town's fiscal year – i.e., the covered payroll on which required contributions were based for the same period.

TOWN OF FARMVILLE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS –
LOCAL PLAN
June 30, 2022**

	Primary Government				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 42,010	\$ 30,159	\$ 100,864	\$ 100,555	\$ 72,280
Interest on total OPEB liability	63,995	82,003	73,834	67,336	70,354
Changes of benefit terms	(1,057,554)	-	-	-	-
Difference between expected and actual experience	(16,877)	(12,176)	(41,031)	4,980	(88,368)
Changes in assumptions	8,604	502,675	340,906	(110,151)	(81,438)
Benefit payments	(56,620)	(43,190)	(35,761)	(35,760)	(39,240)
Net change in total OPEB liability	(1,016,442)	559,471	438,812	26,960	(66,412)
Total OPEB liability – beginning	<u>2,924,011</u>	<u>2,364,540</u>	<u>1,925,728</u>	<u>1,898,768</u>	<u>1,965,180</u>
Total OPEB liability – ending	<u>\$ 1,907,569</u>	<u>\$ 2,924,011</u>	<u>\$ 2,364,540</u>	<u>\$ 1,925,728</u>	<u>\$ 1,898,768</u>
Covered payroll	<u>\$ 4,279,768</u>	<u>\$ 4,671,745</u>	<u>\$ 5,336,985</u>	<u>\$ 5,052,986</u>	<u>\$ 5,113,418</u>
Net OPEB liability as a percentage of covered payroll	<u>45%</u>	<u>63%</u>	<u>44%</u>	<u>38%</u>	<u>37%</u>

This schedule is intended to show information for 10 years. Since fiscal year 2018 is the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

TOWN OF FARMVILLE, VIRGINIA

**REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF OPEB CONTRIBUTIONS – LOCAL PLAN
June 30, 2022**

Entity Fiscal Year Ended June 30,	Actuarially Determined Employer Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll
Local Plan					
2022	\$ 124,368	\$ 311,480	\$ (187,112)	\$ 4,279,768	7.28 %
2021	176,367	56,620	119,747	4,671,745	1.21
2020	158,722	43,190	115,532	5,336,985	0.81
2019	210,477	35,760	174,717	5,425,989	0.66
2018	179,144	35,760	143,384	5,052,986	0.71

This schedule is intended to show information for 10 years. Since 2018 was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

The covered payroll amounts above are for the entity's fiscal year – i.e., the covered payroll on which required contributions were based for the same year.

STATISTICAL SECTION

This part of the Town of Farmville’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town’s overall financial health.

<u>Contents</u>	<u>Table</u>
Financial Trends These tables contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time.	1-4
Revenue Capacity These tables contain information to help the reader assess the factors affecting the Town’s ability to generate its property and sales taxes.	5-7
Debt Capacity These tables present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and its ability to issue additional debt in the future.	8-9
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place and to help make comparisons over time and with other governments.	10-11
Operating Information These schedules contain information about the Town’s operations and resources to help the reader understand how its financial information relates to the services it provides and the activities it performs.	12-14

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

TABLE 1

TOWN OF FARMVILLE
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities										
Net investment in capital assets	\$ 14,875,101	\$ 14,637,694	\$ 14,250,923	\$ 12,008,984	\$ 10,423,203	\$ 9,060,557	\$ 8,387,436	\$ 7,194,234	\$ 6,549,621	\$ 6,608,446
Restricted	3,045,457	2,607,539	2,510,494	2,060,160	-	-	-	-	-	-
Unrestricted	1,304,650	(562,737)	(1,270,159)	(1,296,033)	259,171	242,475	(390,333)	(564,121)	(2,234,399)	(1,443,390)
Total governmental activities net position	<u>\$ 19,225,208</u>	<u>\$ 16,682,496</u>	<u>\$ 15,491,258</u>	<u>\$ 12,773,111</u>	<u>\$ 10,682,374</u>	<u>\$ 9,303,032</u>	<u>\$ 7,997,103</u>	<u>\$ 6,630,113</u>	<u>\$ 4,315,222</u>	<u>\$ 5,165,056</u>
Business-type activities										
Net investment in capital assets	\$ 11,189,892	\$ 11,242,435	\$ 8,938,061	\$ 5,477,209	\$ 3,745,537	\$ 3,601,983	\$ 3,559,383	\$ 5,438,956	\$ 5,739,414	\$ 6,652,159
Restricted	-	-	-	-	-	-	-	-	380,041	3,786,931
Unrestricted	5,561,824	4,963,366	4,283,601	3,812,219	3,067,887	2,951,527	2,842,922	1,226,107	171,101	(3,497,311)
Total business-type activities net position	<u>\$ 16,751,716</u>	<u>\$ 16,205,801</u>	<u>\$ 13,221,662</u>	<u>\$ 9,289,428</u>	<u>\$ 6,813,424</u>	<u>\$ 6,553,510</u>	<u>\$ 6,402,305</u>	<u>\$ 6,665,063</u>	<u>\$ 6,290,556</u>	<u>\$ 6,941,779</u>
Primary government										
Net investment in capital assets	\$ 26,064,993	\$ 25,880,129	\$ 23,188,984	\$ 17,486,193	\$ 14,168,740	\$ 12,662,540	\$ 11,946,819	\$ 12,633,190	\$ 12,289,035	\$ 13,260,605
Restricted	3,045,457	2,607,539	2,510,494	2,060,160	-	-	-	-	380,041	3,786,931
Unrestricted	6,866,474	4,400,629	3,013,442	2,516,186	3,327,058	3,194,002	2,452,589	661,986	(2,063,298)	(4,940,701)
Total primary government net position	<u>\$ 35,976,924</u>	<u>\$ 32,888,297</u>	<u>\$ 28,712,920</u>	<u>\$ 22,062,539</u>	<u>\$ 17,495,798</u>	<u>\$ 15,856,542</u>	<u>\$ 14,399,408</u>	<u>\$ 13,295,176</u>	<u>\$ 10,605,778</u>	<u>\$ 12,106,835</u>

Note: GASB Statement No. 75 was adopted in fiscal year 2018. Prior years were not restated for the impact of this statement.

TABLE 2

TOWN OF FARMVILLE

CHANGES IN NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses										
Governmental activities:										
General government administration	\$ 1,684,095	\$ 1,352,402	\$ 1,770,152	\$ 1,756,338	\$ 1,626,421	\$ 1,268,384	\$ 1,130,394	\$ 1,221,787	\$ 1,063,691	\$ 1,074,446
Public safety	3,842,518	4,188,808	4,196,635	4,410,817	3,857,548	3,689,104	3,704,042	3,507,564	3,614,517	3,751,726
Public works	5,806,553	5,393,613	5,180,042	5,629,684	4,787,285	4,715,205	4,787,649	3,231,753	5,936,059	4,855,490
Parks, recreation, and cultural	804,098	727,358	807,018	769,387	712,379	711,172	709,046	1,336,638	798,331	1,752,634
Community development	536,554	539,396	302,476	207,375	120,107	552,862	168,503	167,328	144,554	146,036
Interest on long-term debt	66,170	125,569	190,488	250,577	294,042	341,457	396,283	447,743	484,632	442,364
Total governmental activities	12,739,988	12,327,146	12,446,811	13,024,178	11,397,782	11,278,184	10,895,917	9,912,813	12,041,784	12,022,696
Business-type activities:										
Water	1,481,832	1,523,020	1,777,878	1,703,026	1,753,615	1,720,283	1,661,545	1,672,254	1,879,262	2,019,223
Sewer	923,769	989,720	1,314,541	1,156,837	1,343,341	1,083,365	1,112,301	1,003,647	1,099,508	1,549,821
Transportation	803,985	822,803	956,757	868,109	350,860	511,157	531,677	434,805	474,960	599,598
Airport	354,760	263,541	239,362	270,286	859,744	825,437	792,463	797,575	834,157	771,086
Total business-type activities expense	3,564,346	3,599,084	4,288,538	3,998,258	4,307,560	4,140,242	4,097,986	3,908,281	4,287,887	4,939,728
Total primary government expenses	16,304,334	15,926,230	16,735,349	17,022,436	15,705,342	15,418,426	14,993,903	13,821,094	16,329,671	16,962,424
Program Revenues										
Governmental activities:										
Charges for services:										
General government	1,058,276	432,339	482,762	491,529	279,366	273,406	258,803	223,874	247,655	252,549
Public safety	121,681	278,870	388,476	481,067	105,125	57,714	49,268	89,891	249,315	349,408
Public works	357,366	404,970	394,561	393,354	555,445	592,470	571,422	473,612	407,252	531,677
Parks, recreation, and cultural	203,865	317,456	327,193	382,240	184,759	173,712	159,096	149,824	136,527	149,533
Community development	79,603	301,384	426,360	329,710	-	-	-	-	-	-
Operating grants and contributions	2,564,086	2,725,061	2,293,332	2,230,159	2,246,006	2,485,956	2,397,893	2,892,308	1,854,031	2,667,637
Capital grants and contributions	-	124,500	1,966,510	407,624	-	-	-	-	-	-
Total governmental activities program revenues	4,384,877	4,584,580	6,279,194	4,715,683	3,370,701	3,583,258	3,436,482	3,829,509	2,894,780	3,950,804

(Continued)

TABLE 2

TOWN OF FARMVILLE

**CHANGES IN NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Program Revenues (Continued)										
Business-type activities:										
Charges for services:										
Water	\$ 1,640,884	\$ 1,421,662	\$ 1,830,124	\$ 1,963,912	\$ 2,076,228	\$ 2,049,053	\$ 1,858,746	\$ 1,947,473	\$ 1,813,190	\$ 1,694,361
Sewer	1,948,111	2,014,722	2,145,798	2,396,191	2,242,577	2,276,987	2,252,416	2,254,390	2,124,650	1,952,954
Transportation	8,951	8,061	9,934	11,016	129,320	145,322	153,152	199,654	232,572	215,163
Airport	180,489	120,783	80,429	84,368	10,625	10,801	11,086	9,091	9,067	10,466
Operating grants and contributions	789,016	3,536,613	4,610,981	2,854,768	1,283,556	837,420	915,893	972,562	850,544	982,569
Capital grants and contributions	323,467	-	-	-	-	-	-	-	-	-
Total business-type activities										
program revenues	4,890,918	7,101,841	8,677,266	7,310,255	5,742,306	5,319,583	5,191,293	5,383,170	5,030,023	4,855,513
Total primary government										
program revenues	9,275,795	11,686,421	14,956,460	12,025,938	9,113,007	8,902,841	8,627,775	9,212,679	7,924,803	8,806,317
Net (expense) revenue										
Governmental activities	(8,355,111)	(7,742,566)	(6,167,617)	(8,308,495)	(8,027,081)	(7,694,926)	(7,459,435)	(6,083,304)	(9,147,004)	(8,071,892)
Business-type activities	1,326,572	3,502,757	4,388,728	3,311,997	1,434,746	1,179,341	1,093,307	1,474,889	742,136	(84,215)
Total primary government net expense	(7,028,539)	(4,239,809)	(1,778,889)	(4,996,498)	(6,592,335)	(6,515,585)	(6,366,128)	(4,608,415)	(8,404,868)	(8,156,107)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	1,065,846	973,186	953,412	904,140	935,432	867,326	881,944	849,256	804,662	850,381
Sales taxes	860,016	441,979	394,407	392,110	-	-	-	-	-	-
Meals and lodging tax	4,178,102	3,428,216	3,087,839	3,576,772	-	-	-	-	-	-
Utility tax	367,121	368,421	365,688	380,347	-	-	-	-	-	-
Other local taxes	2,121,021	1,962,885	2,053,188	2,080,674	6,106,842	5,757,202	5,351,170	5,174,286	5,152,335	4,887,841
Intergovernmental revenue, unrestricted	104,713	268,664	449,845	562,135	557,752	745,675	745,074	746,890	741,095	763,446
Unrestricted investment earnings	121,643	88,375	150,650	21,251	342,525	15,819	13,962	9,505	8,234	6,483
Gain on disposition of assets	-	-	-	16,680	-	-	-	-	-	-
Other	996,391	615,940	587,679	446,492	581,382	540,431	666,266	471,073	453,254	546,310
Transfers	1,082,970	786,138	843,056	1,170,161	1,273,215	1,074,402	1,168,009	1,147,185	1,171,099	1,211,693
Total governmental activities	10,897,823	8,933,804	8,885,764	9,550,762	9,797,148	9,000,855	8,826,425	8,398,195	8,330,679	8,266,154

(Continued)

TABLE 2

TOWN OF FARMVILLE
CHANGES IN NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Revenues and Other Changes in Net Position (Continued)										
Business-type activities:										
Investment earnings	\$ 620	\$ 569	\$ 412	\$ 2,327	\$ 71,686	\$ 1,583	\$ 619	\$ 556	\$ 2,992	\$ 11,516
Gain on disposition of assets				24,779	-	-	-	-	-	-
Other	301,693	266,951	386,150	262,137	26,697	44,683	(188,675)	46,247	66,163	34,423
Transfers	(1,082,970)	(786,138)	(843,056)	(1,170,161)	(1,273,215)	(1,074,402)	(1,168,009)	(1,147,185)	(1,171,099)	(1,211,693)
Total business-type activities	(780,657)	(518,618)	(456,494)	(880,918)	(1,174,832)	(1,028,136)	(1,356,065)	(1,100,382)	(1,101,944)	(1,165,754)
Total primary government	10,117,166	8,415,186	8,429,270	8,669,844	8,622,316	7,972,719	7,470,360	7,297,813	7,228,735	7,100,400
Changes in Net Position										
Governmental activities	2,542,712	1,191,238	2,718,147	1,242,267	1,770,067	1,305,929	1,366,990	2,314,891	(816,325)	194,262
Business-type activities	545,915	2,984,139	3,932,234	2,431,079	259,914	151,205	(262,758)	374,507	(359,808)	(1,249,969)
Total primary government	\$ 3,088,627	\$ 4,175,377	\$ 6,650,381	\$ 3,673,346	\$ 2,029,981	\$ 1,457,134	\$ 1,104,232	\$ 2,689,398	\$ (1,176,133)	\$ (1,055,707)

TABLE 3

TOWN OF FARMVILLE
FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Post-GASB 54									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 689,793	\$ 705,475	\$ 749,741	\$ 771,326	\$ 27,237	\$ 20,174	\$ 30,039	\$ 30,968	\$ 37,487	\$ 58,148
Restricted	3,036,073	2,816,786	2,509,176	2,037,002	-	-	-	-	-	-
Committed	169,718	-	-	104,214	-	-	-	-	-	-
Assigned	-	-	-	-	1,183,138	-	-	-	-	-
Unassigned	1,744,447	758,042	383,678	688,555	2,681,248	3,596,155	2,900,951	2,357,467	1,097,756	1,465,151
Total general fund	\$ 5,640,031	\$ 4,280,303	\$ 3,642,595	\$ 3,601,097	\$ 3,891,623	\$ 3,616,329	\$ 2,930,990	\$ 2,388,435	\$ 1,135,243	\$ 1,523,299
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,297	\$ 7,654
Restricted	9,384	878	1,318	23,158	-	-	-	-	4,330	4,124
Committed	4,466	-	-	-	-	-	-	-	-	-
Assigned	431,362	666,336	430,148	335,446	21,845	15,423	14,512	252,916	801,313	561,776
Unassigned	-	-	-	-	362,296	104,732	(18,437)	-	(6,491)	(1,383)
Total all other governmental funds	\$ 445,212	\$ 667,214	\$ 431,466	\$ 358,604	\$ 384,141	\$ 120,155	\$ (3,925)	\$ 252,916	\$ 806,449	\$ 572,171

TABLE 4

TOWN OF FARMVILLE
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Taxes	\$ 8,606,501	\$ 7,148,138	\$ 6,841,558	\$ 7,334,043	\$ 7,006,395	\$ 6,622,384	\$ 6,210,800	\$ 6,039,310	\$ 6,023,207	\$ 5,722,177
Permits, privilege fees, and licenses	79,633	80,629	104,651	131,043	128,456	110,645	81,771	55,750	52,734	54,515
Fines and forfeitures	111,416	88,338	90,784	99,656	105,125	57,714	49,268	89,891	106,972	92,642
Revenue from use of money and property	121,643	88,375	150,650	132,413	342,525	208,508	358,102	163,133	217,300	920,036
Charges for services	894,858	859,257	962,070	1,042,549	891,114	928,943	907,550	791,560	881,043	1,136,010
Other	1,009,349	618,662	588,326	512,935	581,382	347,742	326,421	319,076	300,351	327,065
Recovered costs	734,884	509,297	861,847	714,490	844,173	572,485	495,363	482,375	578,651	606,246
Intergovernmental	2,655,841	3,312,999	4,863,301	3,096,349	2,803,758	3,231,631	3,142,967	3,639,198	2,595,126	3,431,083
Total revenues	14,214,125	12,705,695	14,463,187	13,063,478	12,702,928	12,080,052	11,572,242	11,580,293	10,755,384	12,289,774
Expenditures										
General government	1,915,428	1,487,855	1,706,222	1,824,893	1,649,556	1,446,809	1,238,189	1,226,827	1,333,456	1,237,511
Public safety	4,137,077	4,040,582	4,278,499	4,281,007	4,740,871	3,621,635	3,517,725	3,323,188	3,717,209	3,789,985
Public works	4,977,969	4,165,401	6,390,553	5,728,424	4,562,796	4,401,900	5,224,775	4,272,535	4,391,492	4,526,138
Parks, recreation, and cultural	762,384	633,613	745,950	1,066,504	1,381,310	814,647	756,146	1,479,487	933,302	1,809,899
Community development	607,762	533,814	309,124	204,082	120,107	552,862	168,603	167,328	144,554	146,036
Debt service:										
Principal	1,501,043	1,437,781	1,377,961	1,320,982	1,225,476	1,028,807	977,892	932,795	897,700	1,285,965
Interest	257,706	319,331	383,574	439,610	471,957	519,375	571,307	625,659	662,548	617,886
Total expenditures	14,159,369	12,618,377	15,191,883	14,865,502	14,152,073	12,386,035	12,454,637	12,027,819	12,080,261	13,413,420
Excess (deficiency) of revenues under expenditures	54,756	87,318	(728,696)	(1,802,024)	(1,449,145)	(305,983)	(882,395)	(447,526)	(1,324,877)	(1,123,646)
Other Financing Sources										
Proceeds from borrowing	-	-	-	586,297	645,850	41,000	-	-	-	21,000
Transfers in	1,180,153	900,000	1,009,943	1,540,496	1,783,385	1,259,029	1,274,481	2,325,022	2,081,212	1,930,676
Transfers out	(97,183)	(113,862)	(166,887)	(370,335)	(510,170)	(184,627)	(106,472)	(1,177,837)	(910,113)	(718,983)
Total other financing sources	1,082,970	786,138	843,056	1,756,458	1,919,065	1,115,402	1,168,009	1,147,185	1,171,099	1,232,693
Net change in fund balances	\$ 1,137,726	\$ 873,456	\$ 114,360	\$ (45,566)	\$ 469,920	\$ 809,419	\$ 285,614	\$ 699,659	\$ (153,778)	\$ 109,047
Debt service as a percentage of noncapital expenditures	12.72%	14.52%	13.85%	13.61%	13.96%	13.26%	13.82%	13.97%	13.27%	15.83%

TABLE 5

TOWN OF FARMVILLE
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Estate	Personal Property	Public Service Corporation Real Estate	Public Service Corporation Personal Property	Total Assessed Value	Total Tax Rate Real Estate
2022	\$ 657,218,462	\$ 15,775,784	\$ 38,842,669	\$ 491,925	\$ 712,328,840	0.13
2021	592,297,500	15,948,133	37,052,240	407,971	645,705,844	0.12
2020	554,025,833	14,513,007	34,165,889	440,486	603,145,215	0.12
2019	541,808,640	12,814,121	30,633,396	420,512	585,676,669	0.12
2018	525,065,080	13,173,051	29,544,666	291,846	568,074,643	0.12
2017	514,708,670	13,899,200	28,973,750	290,918	557,872,538	0.12
2016	509,662,986	13,945,399	27,959,562	253,641	551,821,588	0.12
2015	505,184,482	14,770,476	27,676,804	231,225	547,862,987	0.12
2014	502,983,846	14,308,327	27,240,159	262,566	544,794,898	0.12
2013 ¹	N/A	N/A	N/A	N/A	N/A	0.12

Notes: Property is assessed at full market value. Properties are reassessed once every four years. Per \$100 of assessed value.

¹ This information is not available due to database change at the Town.

TABLE 6

TOWN OF FARMVILLE
PRINCIPAL UTILITY CUSTOMERS
CURRENT YEAR AND TEN YEARS AGO

Customer	Fiscal Year 2022			Fiscal Year 2013 ¹		
	Revenue	Rank	Percentage of Total Town Utility Revenue	Revenue	Rank	Percentage of Total Town Utility Revenue
Longwood University	\$ 255,088	1	7.11 %	N/A	N/A	N/A
Longwood Univ R/E Foundation	145,830	2	4.06	N/A	N/A	N/A
Piedmont Regional Jail	135,225	3	3.77	N/A	N/A	N/A
Centra Southside Hospital	49,214	4	1.37	N/A	N/A	N/A
Hampden Sydney College	38,055	5	1.06	N/A	N/A	N/A
Cumberland County	37,061	6	1.03	N/A	N/A	N/A
Farmville Health & Rehab	35,527	7	0.99	N/A	N/A	N/A
Farmville Lots LLC	25,066	8	0.70	N/A	N/A	N/A
Days Inn	15,060	9	0.42	N/A	N/A	N/A
Hampton Inn-Farmville	14,115	10	0.39	N/A	N/A	N/A
	<u>\$ 750,241</u>		<u>20.90 %</u>			

Source: Town’s Public Utility Billing System (Edmunds)

¹ This information is not available due to database change at the Town.

TABLE 7

TOWN OF FARMVILLE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 854,384	\$ 843,454	98.72 %	\$ 11,327	\$ 854,781	100.05 %
2021	710,757	700,307	98.53	11,030	711,337	100.08
2020	664,831	654,895	98.51	4,276	659,171	99.15
2019	650,170	641,393	98.65	6,502	647,895	99.65
2018	630,078	619,682	98.35	6,994	626,676	99.46
2017	617,650	608,262	98.48	9,388	617,650	100.00
2016	611,596	602,544	98.52	6,911	609,455	99.65
2015	606,221	597,674	98.59	7,335	605,009	99.80
2014	603,581	595,493	98.66	6,338	601,831	99.71
2013 ¹	N/A	N/A	N/A	N/A	N/A	N/A

Source: Tax Records of the Town.
Tax Collection Percentage Report

¹ This information is not available due to database change at the Town.

TABLE 8

TOWN OF FARMVILLE
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$ 71,232,884	\$ 64,570,584	\$ 60,314,522	\$ 58,567,667	\$ 56,807,464	\$ 55,787,254	\$ 55,182,159	\$ 54,786,299	\$ 54,479,490	N/A **
Total net debt applicable to limit	7,218,710	8,894,753	9,805,000	11,125,000	12,390,000	13,600,000	14,755,000	15,860,000	16,915,000	17,930,000
Legal debt margin	<u>\$ 64,014,174</u>	<u>\$ 55,675,831</u>	<u>\$ 50,509,522</u>	<u>\$ 47,442,667</u>	<u>\$ 44,417,464</u>	<u>\$ 42,187,254</u>	<u>\$ 40,427,159</u>	<u>\$ 38,926,299</u>	<u>\$ 37,564,490</u>	N/A **
Total net debt applicable to the limit as a percentage of debt limit	<u>10.13%</u>	<u>13.78%</u>	<u>16.26%</u>	<u>19.00%</u>	<u>21.81%</u>	<u>24.38%</u>	<u>26.74%</u>	<u>28.95%</u>	<u>31.05%</u>	N/A **

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	<u>\$ 712,328,840</u>
Debt limit (10% of assessed value)	\$ 71,232,884
Less debt applicable to limit:	
General obligation bonds	<u>6,965,000</u>
Legal debt margin	<u>\$ 78,197,884</u>

** This information is not available due to database change at the Town.

TABLE 9

TOWN OF FARMVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Actual Value of Taxable Property	Per Capita	Percentage of Personal Income ⁽¹⁾
	General	Notes	General					
	Obligation Bonds	Payable	Obligation Bonds					
2022	\$ 4,390,000	\$ 253,710	\$ 2,575,000	\$ 7,218,710	1.01 %	\$ 966	*	
2021	5,670,000	474,753	2,750,000	8,894,753	1.38	1,235	1.27 %	
2020	6,890,000	692,534	2,915,000	10,497,534	1.74	1,460	1.50	
2019	8,050,000	910,495	3,075,000	12,035,495	2.05	1,534	1.73	
2018	9,165,000	530,180	3,225,000	12,920,180	2.27	1,641	1.85	
2017	10,230,000	44,806	3,370,000	13,644,806	2.45	1,742	1.96	
2016	11,250,000	12,613	3,505,000	14,767,613	2.68	1,814	2.12	
2015	12,225,000	15,505	3,635,000	15,875,505	2.90	1,943	2.36	
2014	13,155,000	18,300	3,760,000	16,933,300	3.11	2,058	2.66	
2013	14,050,000	21,000	3,880,000	17,951,000	*	2,222	2.90	

* Unavailable

⁽¹⁾ See Table 10 for population and per capita and personal income information.

TABLE 10

TOWN OF FARMVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year Ended ⁽¹⁾	Population ⁽²⁾	Total Personal Income ⁽³⁾	Per Capita Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾
2022	7,473	(5)	(5)	(5)
2021	7,202	\$ 697,704,000	\$ 30,880	4.8 %
2020	7,188	697,704,000	30,461	6.4
2019	7,846	697,704,000	30,401	3.7
2018	7,872	697,704,000	30,732	3.8
2017	7,831	697,704,000	30,149	4.8
2016	8,140	697,704,000	29,857	5.3
2015	8,169	672,890,000	29,162	6.2
2014	8,229	636,603,000	27,919	7.5
2013	8,079	618,387,000	26,611	8.2

⁽¹⁾ Population is based on fiscal years ending June 30. Per Capita Income and unemployment figures are as of December 31.

⁽²⁾ Source: Weldon Cooper Center for Public Service, Demographics Research Group.

⁽³⁾ Source: www.fedstats.gov. Town of Farmville is included in the statistics for Prince Edwards County.

⁽⁴⁾ Source: VEC, Local Area Unemployment Statistics, VirginiaLMI.com. Town of Farmville is included in the statistics for Prince Edwards County.

⁽⁵⁾ Information currently not available.

TABLE 11

**TOWN OF FARMVILLE, VIRGINIA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Employer	Fiscal Year 2022		Fiscal Year 2013 ¹	
	Employees	Rank	Employees	Rank
Longwood University	1,364	1	N/A	N/A
Centra Health	750	2	N/A	N/A
Walmart	380	3	N/A	N/A
ICA	210	4	N/A	N/A
Holly Manor SNF Operations	199	5	N/A	N/A
Aramark	178	6	N/A	N/A
Prince Edward County	171	7	N/A	N/A
Town of Farmville	145	8	N/A	N/A
Steps	122	9	N/A	N/A
Greenfront	102	10	N/A	N/A
	<u>3,621</u>			

¹ This information is not available due to database change at the Town.

Source: Based on the Town's Utility Billing Customers.

TABLE 12

TOWN OF FARMVILLE

**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function/Program</u>	Fiscal Year									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General government										
Executive	2	2	2	3	4	4	2	2	2	2
Clerk	1	1	1	1	1	1	1	1	1	1
Finance	4	4	4	4	5	5	5	5	5	5
Planning (Comm Dev)	4	5	5	5	5	6	6	6	6	6
Recreation (Golf/rec)	5	5	3	4	4	4	4	4	4	4
Police										
Officers	27	27	27	27	27	27	27	27	27	27
Civilians	2	2	2	2	2	2	2	2	2	2
Dispatch	14	13	11	14	14	14	13	12	14	14
Fire	-	1	2	2	2	2	2	2	2	2
Public works	40	36	34	42	41	41	43	42	42	43
Parks and Recreation	2	1	1	2	2	2	2	2	2	2
Solid waste	3	3	3	3	3	3	3	3	3	3
Water	6	6	6	6	6	6	6	6	6	6
Wastewater	6	6	6	6	6	6	6	6	6	6
Transportation	4	4	4	4	4	4	4	4	4	4
Airport	1	1	1	1	1	1	1	1	1	1
Total	<u>121</u>	<u>117</u>	<u>112</u>	<u>126</u>	<u>127</u>	<u>128</u>	<u>127</u>	<u>125</u>	<u>127</u>	<u>128</u>

Source: Town Employee Payroll records.

TABLE 13

TOWN OF FARMVILLE, VIRGINIA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<u>Function/Program</u>										
General government:										
Fleet:										
Pieces of equipment maintained	308	306	305	310	312	311	313	309	312	310
Building permits issued	127	381	176	265	327	372	352	304	256	261
Building permits construction value	\$ 3,796,205	\$ 9,322,184	\$ 7,502,132	\$ 10,377,251	\$ 71,761,724	\$ 19,582,751	\$ 30,266,246	\$ 18,124,371	\$ 15,454,071	\$ 6,246,149
Public safety:										
Police:										
Physical arrests	187	205	257	364	481	508	394	465	609	722
Parking violations	713	899	561	1,001	633	777	323	221	641	422
Traffic violations	1,496	1,981	1,307	2,056	1,891	1,423	946	1,064	1,267	1,349
Fire:										
Emergency responses – per calendar year	731	1,155	884	1,082	615	426	398	388	105	268
Public works:										
Refuse collection:										
Brush	4.25	3.89	4.17	4.48	3.54	3.44	4.71	5.41	5.46	5.67
Refuse collected (tons per day)	13.58	13.65	13.17	13.90	13.37	14.34	13.45	13.21	13.09	13.56
Recyclables collected (tons per day)	1.01	1.02	0.92	1.08	1.06	1.07	0.99	0.96	1.08	0.90
Leaves	3.51	3.37	3.44	3.29	2.63	2.63	3.66	3.66	3.66	4.02
Other public works:										
Street resurfacing (miles)	10.36	5.24	3.56	2.98	2.28	8.21	6.66	4.68	7.28	9.94
Parks, recreation, and cultural:										
Parks and recreation:										
Park acreage owned by the Town-Developed	209.81	209.81	209.81	209.81	209.81	209.81	209.81	209.81	209.81	209.81
Water:										
Number of customer accounts	3,785	3,683	3,844	3,855	3,829	3,814	3,722	3,692	3,725	3,716
Volume pumped (million gallons per day average)	927,750	908,310	894,123	1,075,866	1,058,658	1,010,712	1,083,863	1,111,890	1,115,553	980,737
Sewer:										
Number of customer accounts	3,756	3,654	3,814	3,825	3,799	3,718	3,698	3,668	3,696	3,692
Waste/Water treated (million gallons per day)	1.03	1.17	1.35	1.36	1.39	1.25	1.38	1.45	1.44	1.39

Source: Obtained from Town Department Directors.

Note:

Acreage found on PE County website-taxes

TABLE 14

TOWN OF FARMVILLE
CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	Fiscal Year									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Public safety:										
Law enforcement vehicles	24	20	20	21	20	20	20	20	18	18
Fire stations	1	1	1	1	1	1	1	1	1	1
Public works:										
Primary streets (lane miles)	30.36	30.36	30.36	30.76	30.76	32.76	32.76	33.71	33.71	33.71
Secondary streets (lane miles)	82.00	82.00	82.00	83.60	83.60	81.60	81.60	82.88	82.88	82.88
Streetlights	651	651	649	647	647	647	635	635	635	635
Parks, recreation, and cultural:										
Parks/athletic fields	7	7	7	7	7	7	7	7	7	7
Water and sewage:										
Water treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	66.55	66.55	66.55	66.55	66.55	66.55	66.55	63.08	63.08	63.08
Storm sewers (miles)	60.96	60.96	60.96	60.96	60.96	60.96	60.96	60.96	60.96	60.96
Sanitary sewers (miles)	64.50	64.50	64.50	64.50	64.50	64.50	64.50	64.50	64.50	64.50

Source: Information obtained from Town's Department Directors.

Note:

 Parks/Rec list found on Town website

 Acreage found on PE County website-taxes

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COMPLIANCE SECTION

TOWN OF FARMVILLE, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass – Through Grantor/ Program or Cluster Title	Assistance Listing Number	Federal Expenditures
Department of Treasury		
Direct Payment		
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 409,070
Department of Transportation		
Direct Payment		
Airport Improvement Program	20.106	190,193
Pass Through Payments		
Virginia Department of Rail and Public Transportation		
Formula Grants for Rural Areas	20.509	70,580
COVID-19 – Formula Grants for Rural Areas	20.509	331,025
Virginia Department of Motor Vehicles Alcohol		
Open Container Requirements	20.607	21,884
Total Department of Transportation		613,682
Department of Justice		
Direct Payment		
Bulletproof Vest Partnership Program	16.607	2,243
Edward Byrne Memorial Justice Assistance Grant Program	16.738	9,160
Total Department of Justice		11,403
Total Expenditures of Federal Awards		\$ 1,034,155

TOWN OF FARMVILLE, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2022

Basis of Presentation

The accompanying Schedule of Federal Expenditures includes the activity of all federally assisted programs for the Town of Farmville, Virginia and is presented on the modified accrual basis of accounting, as described in Note 1 to the Town's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on this schedule.

De Minimis Indirect Cost Rate

The Town did not elect to utilize the 10 % de minimis indirect cost rate

Subrecipient Monitoring

The Town provided no amounts to subrecipients during fiscal year 2022.

Outstanding Loan Balances

At June 30, 2022, the Town had no outstanding loan balances requiring continuing disclosure.

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

To the Honorable Mayor and Members of Town Council
Town of Farmville, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Farmville, Virginia (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 3, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. **We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs, as item 2022-001, to be a material weakness.**

Report on Compliance and Other Matters

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

Town's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 3, 2022

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

To the Honorable Mayor and Members of Town Council
Town of Farmville, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Compliance for Each Major Federal Program

We have audited the Town of Farmville, Virginia's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2022. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Report on Compliance for Each Major Federal Program (Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town's compliance the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

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

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Lynchburg, Virginia
November 3, 2022

TOWN OF FARMVILLE, VIRGINIA
SUMMARY OF COMPLIANCE MATTERS
June 30, 2022

As more fully described in the 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*, we performed tests of the Town's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Budget and Appropriation Laws

Cash and Investment Laws

Conflicts of Interest Act

Debt Provisions

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Fire Program Aid

State Agency Requirements

Urban Highway Maintenance

FEDERAL COMPLIANCE MATTERS

Compliance Supplement for Single Audits of State and Local Governments

Provisions and conditions of agreements related to federal programs selected for testing.

TOWN OF FARMVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **One material weakness** relating to the audit of the financial statements were reported in the 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*.
3. **No instances of noncompliance** material to the financial statements were disclosed.
4. **No significant deficiencies** relating to the audit of the major federal award programs was reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings relating to the major program**.
7. The major programs of the Town are:

<u>Name of Program</u>	<u>Assistance Listing #</u>
Airport Improvement Program	20.106
Coronavirus State and Local Fiscal Recovery Funds	21.027

8. The **threshold for** distinguishing Type A and B programs was **\$750,000**.
9. The Town of Farmville was **not** determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2022-001: Information Technology (Material Weakness)

Condition:

During our review of the Information Technology controls for the Town we noted several areas where there is a lack of controls or a lack of segregation of duties.

Criteria:

The following Information Technology lack of controls were noted:

- Information Technology is not evaluated for risk.
- There is no formal security policy.
- The Finance Director has financial application administrator access.
- The Town does not use formal access requests to provision or de-provision users' access to the network or financial application.

(Continued)

TOWN OF FARMVILLE, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2022

B. FINDINGS – FINANCIAL STATEMENT AUDIT (Continued)

2022-001: Information Technology (Material Weakness) (Continued)

Cause:

The Town has not had their Information Technology system evaluated in the past.

Effects:

The lack of Information Technology controls exposes the Town to various risks including:

- Failure to identify risk factors and address associated system vulnerabilities can lead to breach of systems and financial loss.
- Lack of formal security policy indicates lack of due care.
- Inadequate segregation of financial and IT duties (or appropriate compensating controls) can facilitate fraudulent activities.
- Non-procedural provisioning/de-provisioning activities can introduce security vulnerabilities and facilitate unauthorized access to systems.

Recommendations:

We suggest the Town implement the following control consideration:

- The Town should conduct a formal IT risk assessment at least annually.
- The Town should document its IT policies, standards and procedures – including information security policy.
- The Town should identify and document compensating controls for the Finance Director's administrative access and ability to provision financial system accounts.
- Provisioning and de-provisioning account access processes should be included in IT procedures documentation.

Management's Response:

The Town will review its information technology policies and procedures to ensure appropriate controls are in place.

C. FINDINGS – COMMONWEALTH OF VIRGINIA

None.

D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

TOWN OF FARMVILLE, VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2022

2021-001: Information Technology (Material Weakness)

Condition:

During review of the Information Technology controls for the Town we noted several areas where there is a lack of controls or a lack of segregation of duties.

Recommendations:

We suggest the Town implement the following control consideration:

- The Town should conduct a formal IT risk assessment at least annually.
- The Town should document its IT policies, standards and procedures – including information security policy.
- The Town should identify and document compensating controls for the Finance Director's administrative access and ability to provision financial system accounts.
- Provisioning and de-provisioning account access processes should be included in IT procedures documentation.

Current Status:

See current year finding at 2022-001 for planned corrected action.

2021-002: Segregation of Duties (Significant Deficiency)

Condition:

There is a lack of segregation of duties between employees.

- Employees who prepare the bank reconciliations also have the ability to process cash and write manual checks.
- The employee who processes payroll also has the ability to edit the master employee/payroll file, can generate payroll checks and record payroll expenses to the general ledger.
- The Finance Director has access to cash receipts prior to being recorded, prepares the deposits and takes deposit to the bank, and has access to change utility charges on individual accounts.

Recommendations:

We recommend the Town take steps to eliminate performance of conflicting duties where possible. For those areas where this is not feasible, we recommend the Town take steps to implement effective compensating controls.

Current Status:

The comment has been reduced from a significant deficiency in fiscal year 2022.