

TOWN OF VICTORIA, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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**Independent Auditors' Report**

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**To the Honorable Members of the Town Council  
Town of Victoria  
Victoria, 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 Victoria, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the of Victoria, Virginia's basic financial statements as listed in the table of contents.

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

***Basis for 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Town of Victoria, Virginia, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 Town of Victoria, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Town of Victoria, Virginia's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Victoria, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules 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 statistical information but does not include the basic financial statements and our auditors' 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 March 8, 2023, on our consideration of Town of Victoria, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Victoria, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Victoria, Virginia's internal control over financial reporting and compliance.

*Robinson, Fournier, Cox Associates*

Richmond, Virginia  
March 8, 2023



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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To the Honorable Members of the Town Council  
To the Citizens of the Town of Victoria  
Town of Victoria, Virginia

As management of Town of Victoria, Virginia we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town's basic financial statements, which follow this section.

### **Financial Highlights**

#### **Government-wide Financial Statements**

- < The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,437,860 (net position).

#### **Fund Financial Statements**

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$151,651 (Exhibit 5).

- < As of the close of the current fiscal year, the Town's funds reported an ending fund balance of \$1,263,335, an increase of \$151,651 in comparison with the prior year.
- < The combined long-term obligations decreased \$284,930 during the current fiscal year.

### **Overview of the Financial Statements**

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

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to financial statements.

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### Overview of the Financial Statements (Continued)

#### Government-wide financial statements (Continued)

The statement of net position presents information on all of the Town's assets and deferred outflows of resources, liabilities and deferred inflows of resources 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 the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

Governmental funds - Governmental funds are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Town has one major governmental fund - the General Fund.

Proprietary funds - Proprietary funds consist of enterprise funds. Enterprise funds are established to account for the delivery of goods and services to the general public and use the accrual basis of accounting, similar to private sector business.

The Water Fund, Sewer Fund and Water and Sewer Escrow Fund provide a centralized source for water/sewer services to Town residents. The Town also operates two cemeteries.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

#### Government-wide financial statements (Continued)

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and pension related schedules, and other supplementary information including combining and individual statements for nonmajor funds and component unit statements.

#### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. In the case of the Town, assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$7,437,860 at the close of the most recent fiscal year. The following table summarizes the Town's Statement of Net Position:

Town of Victoria, Virginia's Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$2,170,723	\$1,980,741	\$ 794,996	\$ 547,350	\$ 2,965,719	\$ 2,528,091
Capital assets	1,719,530	1,866,546	5,721,330	5,907,252	7,440,860	7,773,798
<b>Total assets</b>	<b>\$3,890,253</b>	<b>\$3,847,287</b>	<b>\$ 6,516,326</b>	<b>\$ 6,454,602</b>	<b>\$ 10,406,579</b>	<b>\$ 10,301,889</b>
Deferred outflows of resources	\$ 42,627	\$ 58,650	\$ 45,225	\$ 61,842	\$ 87,852	\$ 120,492
Current liabilities	\$ 718,808	\$ 852,472	\$ 59,803	\$ 60,892	\$ 778,611	\$ 913,364
Long-term liabilities outstanding	55,595	124,364	1,892,972	2,109,133	1,948,567	2,233,497
<b>Total liabilities</b>	<b>\$ 774,403</b>	<b>\$ 976,836</b>	<b>\$ 1,952,775</b>	<b>\$ 2,170,025</b>	<b>\$ 2,727,178</b>	<b>\$ 3,146,861</b>
Deferred inflows of resources	\$ 163,218	\$ 6,082	\$ 166,175	\$ 3,304	\$ 329,393	\$ 9,386
<b>Net position:</b>						
Net investment in capital assets	\$1,705,819	\$1,830,925	\$ 3,869,193	\$ 3,884,254	\$ 5,575,012	\$ 5,715,179
Restricted:						
Expendable:						
Pension benefits	166,986	-	170,359	-	337,345	-
Nonspendable:						
Cemetery perpetual care	157,721	157,044	-	-	157,721	157,044
Unrestricted	964,733	935,050	403,049	458,861	1,367,782	1,393,911
<b>Total net position</b>	<b>\$2,995,259</b>	<b>\$2,923,019</b>	<b>\$ 4,442,601</b>	<b>\$ 4,343,115</b>	<b>\$ 7,437,860</b>	<b>\$ 7,266,134</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

During the current fiscal year, the Town's net position increased by \$171,726. The following table summarizes the Town's Statement of Activities:

	Town of Victoria, Virginia's Changes in Net Position					
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 140,808	\$ 120,731	\$ 1,420,112	\$ 1,367,685	\$ 1,560,920	\$ 1,488,416
Operating grants and contributions	111,565	85,621	93,194	-	204,759	85,621
Capital grants and contributions	-	1,025	-	22,529	-	23,554
General revenues:						
General property taxes	204,323	197,421	-	-	204,323	197,421
Other local taxes	356,046	324,168	-	-	356,046	324,168
Grants and other contributions not restricted	82,596	83,856	-	-	82,596	83,856
Other general revenues	41,602	50,023	41,104	11,447	82,706	61,470
Total revenues	<u>\$ 936,940</u>	<u>\$ 862,845</u>	<u>\$ 1,554,410</u>	<u>\$ 1,401,661</u>	<u>\$ 2,491,350</u>	<u>\$ 2,264,506</u>
<b>Expenses:</b>						
General government administration						
	\$ 120,600	\$ 13,260	\$ -	\$ -	\$ 120,600	\$ 13,260
Public safety	398,164	365,300	-	-	398,164	365,300
Public works	211,875	293,984	1,484,924	1,533,965	1,696,799	1,827,949
Parks, recreation, and cultural	102,600	71,457	-	-	102,600	71,457
Community development	658	78,215	-	-	658	78,215
Interest and other fiscal charges	803	1,246	-	-	803	1,246
Total expenses	<u>\$ 834,700</u>	<u>\$ 823,462</u>	<u>\$ 1,484,924</u>	<u>\$ 1,533,965</u>	<u>\$ 2,319,624</u>	<u>\$ 2,357,427</u>
Increase (decrease) in net position before transfers	\$ 102,240	\$ 39,383	\$ 69,486	\$ (132,304)	\$ 171,726	\$ (92,921)
Transfers	(30,000)	-	30,000	-	-	-
Change in net position	\$ 72,240	\$ 39,383	\$ 99,486	\$ (132,304)	\$ 171,726	\$ (92,921)
Beginning of year	2,923,019	2,883,636	4,343,115	4,475,419	7,266,134	7,359,055
End of year	<u>\$ 2,995,259</u>	<u>\$ 2,923,019</u>	<u>\$ 4,442,601</u>	<u>\$ 4,343,115</u>	<u>\$ 7,437,860</u>	<u>\$ 7,266,134</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Financial Analysis of the Town's Funds**

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

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

As of the end of the current fiscal year, the Town's governmental funds reported fund balances of \$1,263,335, an increase of \$151,651 in comparison with the prior year. Approximately 72% of the reported fund balance constitutes unassigned General Fund balance, which is available for spending at the Town's discretion.

**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 at the end of the year amounted to \$403,049. Total net position increased \$99,486.

### **General Fund Budgetary Highlights**

During the year, budgetary estimates were more than actual revenues and other financing sources by \$645,445. Expenditures and other uses were less than than budgetary estimates by \$796,451, resulting in a positive variance of \$151,006. Budgets were higher due to deferral of federal COVID relief fund usage until future years.

### **Capital Asset and Debt Administration**

**Capital assets** - The Town's investment in capital assets for its governmental operations as of June 30, 2022, amounted to \$1,719,530 and \$5,721,330, respectively, for its business-type funds (both net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure.

Additional information on the Town's capital assets can be found in Note 5 of this report.

**Long-term debt** - At the end of the current fiscal year, the Town had total debt outstanding of \$1,865,848. Of this amount, \$1,864,947 comprises debt backed by the full faith and credit of the Town. The remainder of the Town's debt represents notes payable.

During the current fiscal year, the Town's total debt decreased by \$192,771.

Additional information on the Town's long-term debt can be found in Note 6 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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### **Economic Factors and Next Year's Budgets and Rates**

< Inflationary trends in the region compare favorably to national indices.

All these factors were considered in preparing the Town's budget for the 2023 fiscal year.

None of the property tax rates changed for FY23.

### **Requests for Information**

This financial report is designed to provide a general overview of Town of Victoria, Virginia's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager, P.O. Box V, Victoria, Virginia 23974.

Town of Victoria, Virginia  
Statement of Net Position  
June 30, 2022

	Primary Government			Component Unit IDA
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,934,824	\$ 493,857	\$ 2,428,681	\$ 25,602
Receivables:				
Taxes receivable	18,963	-	18,963	-
Accounts receivable	33,761	130,780	164,541	-
Notes receivable	-	-	-	108,000
Property held for resale	-	-	-	402,800
Due from other governmental units	16,189	-	16,189	-
Net pension asset	166,986	170,359	337,345	-
Capital assets (net of accumulated depreciation):				
Land	269,489	60,726	330,215	-
Buildings and system	222,721	5,517,964	5,740,685	-
Machinery and equipment	94,070	142,640	236,710	-
Infrastructure	1,133,250	-	1,133,250	-
Total assets	<u>\$ 3,890,253</u>	<u>\$ 6,516,326</u>	<u>\$ 10,406,579</u>	<u>\$ 536,402</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension related items	\$ 39,436	\$ 40,233	\$ 79,669	\$ -
OPEB related items	3,191	4,992	8,183	-
Total deferred outflows of resources	<u>\$ 42,627</u>	<u>\$ 45,225</u>	<u>\$ 87,852</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 5,407	\$ 22,185	\$ 27,592	\$ -
Accrued liabilities	2,976	44	3,020	-
Unearned revenue	710,425	-	710,425	-
Customers' deposits	-	37,574	37,574	-
Long-term liabilities:				
Due within one year	16,728	136,379	153,107	-
Due in more than one year	38,867	1,756,593	1,795,460	-
Total liabilities	<u>\$ 774,403</u>	<u>\$ 1,952,775</u>	<u>\$ 2,727,178</u>	<u>\$ -</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue - property taxes	\$ 2,976	\$ -	\$ 2,976	\$ -
Pension related items	155,286	158,423	313,709	-
OPEB related items	4,956	7,752	12,708	-
Total deferred inflows of resources	<u>\$ 163,218</u>	<u>\$ 166,175</u>	<u>\$ 329,393</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 1,705,819	\$ 3,869,193	\$ 5,575,012	\$ -
Restricted				
Expendable				
Pension benefits	166,986	170,359	337,345	-
Nonspendable				
Cemetery perpetual care	157,721	-	157,721	-
Unrestricted	964,733	403,049	1,367,782	536,402
Total net position	<u>\$ 2,995,259</u>	<u>\$ 4,442,601</u>	<u>\$ 7,437,860</u>	<u>\$ 536,402</u>

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

Town of Victoria, Virginia  
Statement of Activities  
For the Year Ended June 30, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Operating		Capital Grants and Contributions	Primary Government		Component Unit IDA
		Charges for Services	Grants and Contributions		Governmental Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration	\$ 120,600	\$ 179	\$ -	\$ -	\$ (120,421)	\$ -	\$ (120,421)
Public safety	398,164	7,297	111,565	-	(279,302)	-	(279,302)
Public works	211,875	111,721	-	-	(100,154)	-	(100,154)
Parks, recreation, and cultural	102,600	-	-	-	(102,600)	-	(102,600)
Community development	658	21,611	-	-	20,953	-	20,953
Interest on long-term obligations	803	-	-	-	(803)	-	(803)
Total governmental activities	\$ 834,700	\$ 140,808	\$ 111,565	\$ -	\$ (582,327)	\$ -	\$ (582,327)
Business-type activities:							
Oakwood Cemetery	\$ 652	\$ 226	\$ -	\$ -	\$ (426)	\$ (426)	\$ -
Lakeview Cemetery	2,131	2,439	-	-	308	308	-
Sewer	700,633	683,666	93,194	-	76,227	76,227	-
Water	781,508	733,781	-	-	(47,727)	(47,727)	-
Total business-type activities	\$ 1,484,924	\$ 1,420,112	\$ 93,194	\$ -	\$ 28,382	\$ 28,382	\$ -
Total primary government	\$ 2,319,624	\$ 1,560,920	\$ 204,759	\$ -	\$ (582,327)	\$ 28,382	\$ (553,945)
<b>COMPONENT UNIT:</b>							
IDA	\$ 216,604	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ (181,604)
Total component unit	\$ 216,604	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ (181,604)
General revenues:							
General property taxes	\$ 204,323	\$ -	\$ -	\$ 204,323	\$ -	\$ -	\$ -
Other local taxes:							
Local sales and use taxes	51,628	-	-	51,628	-	-	-
Consumers' utility taxes	37,123	-	-	37,123	-	-	-
Motor vehicle licenses	31,367	-	-	31,367	-	-	-
Bank stock taxes	49,316	-	-	49,316	-	-	-
Meals taxes	139,395	-	-	139,395	-	-	-
Business license taxes	41,776	-	-	41,776	-	-	-
Other local taxes	5,441	-	-	5,441	-	-	-
Unrestricted revenues from use of money and property	7,751	3,470	11,221	252	11,221	252	30,000
Miscellaneous	33,851	37,634	71,485	-	71,485	-	-
Grants and contributions not restricted to specific programs	82,596	-	82,596	-	82,596	-	-
Transfers	(30,000)	30,000	-	-	-	-	-
Total general revenues	\$ 654,567	\$ 71,104	\$ 725,671	\$ 30,252	\$ 725,671	\$ 30,252	\$ (151,352)
Change in net position	\$ 72,240	\$ 99,486	\$ 171,726	\$ 687,754	\$ 171,726	\$ 687,754	\$ 536,402
Net position - beginning	2,923,019	4,343,115	7,266,134	-	7,266,134	-	-
Net position - ending	\$ 2,995,259	\$ 4,442,601	\$ 7,437,860	\$ -	\$ 7,437,860	\$ -	\$ 536,402

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



Town of Victoria, Virginia  
Balance Sheet  
Governmental Funds  
June 30, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,777,780	\$ 157,721	\$ 1,935,501
Receivables:			
Taxes receivable	18,963	-	18,963
Accounts receivable	33,761	-	33,761
Due from other governmental units	16,189	-	16,189
Total assets	<u>\$ 1,846,693</u>	<u>\$ 157,721</u>	<u>\$ 2,004,414</u>
<b>LIABILITIES</b>			
Reconciled overdraft	\$ -	\$ 677	\$ 677
Accounts payable	5,407	-	5,407
Accrued liabilities	2,976	-	2,976
Unearned revenue	710,425	-	710,425
Total liabilities	<u>\$ 718,808</u>	<u>\$ 677</u>	<u>\$ 719,485</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 21,594	\$ -	\$ 21,594
<b>FUND BALANCES</b>			
Nonspendable	\$ -	\$ 157,721	\$ 157,721
Committed	190,784	-	190,784
Unassigned	915,507	(677)	914,830
Total fund balances	<u>\$ 1,106,291</u>	<u>\$ 157,044</u>	<u>\$ 1,263,335</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,846,693</u>	<u>\$ 157,721</u>	<u>\$ 2,004,414</u>

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

Town of Victoria, Virginia  
 Reconciliation of the Balance Sheet of Governmental Funds  
 to the Statement of Net Position  
 June 30, 2022

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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 1,263,335	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost		\$ 3,674,354	
Accumulated depreciation		<u>(1,954,824)</u>	1,719,530
The net pension asset is not an available resource and, therefore, is not reported in the funds.			
			166,986
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue			18,618
Deferred outflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the funds.			
Pension related items		\$ 39,436	
OPEB related items		<u>3,191</u>	42,627
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bond		\$ (13,260)	
Note payable		(451)	
Net OPEB liability		(11,715)	
Compensated absences		<u>(30,169)</u>	(55,595)
Deferred inflows of resources are not due and payable in the current-period, and therefore, are not reported in the funds.			
Pension related items		\$ (155,286)	
OPEB related items		<u>(4,956)</u>	(160,242)
Net position of governmental activities			<u><u>\$ 2,995,259</u></u>

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

Town of Victoria, Virginia  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2022

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>			
General property taxes	\$ 199,015	\$ -	\$ 199,015
Other local taxes	356,046	-	356,046
Permits, privilege fees, and regulatory licenses	6,175	-	6,175
Fines and forfeitures	1,122	-	1,122
Revenue from the use of money and property	7,253	498	7,751
Charges for services	133,332	179	133,511
Miscellaneous	33,799	52	33,851
Recovered costs	33,897	-	33,897
Intergovernmental:			
Commonwealth	151,021	-	151,021
Federal	43,140	-	43,140
Total revenues	<u>\$ 964,800</u>	<u>\$ 729</u>	<u>\$ 965,529</u>
<b>EXPENDITURES</b>			
Current:			
General government administration	\$ 114,861	\$ -	\$ 114,861
Public safety	407,582	-	407,582
Public works	133,952	84	134,036
Parks, recreation, and cultural	55,185	-	55,185
Community development	658	-	658
Nondepartmental	48,843	-	48,843
Debt service:			
Principal retirement	21,910	-	21,910
Interest and other fiscal charges	803	-	803
Total expenditures	<u>\$ 783,794</u>	<u>\$ 84</u>	<u>\$ 783,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 181,006</u>	<u>\$ 645</u>	<u>\$ 181,651</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	\$ (30,000)	\$ -	\$ (30,000)
Total other financing sources (uses)	<u>\$ (30,000)</u>	<u>\$ -</u>	<u>\$ (30,000)</u>
Net change in fund balances	\$ 151,006	\$ 645	\$ 151,651
Fund balances - beginning	955,285	156,399	1,111,684
Fund balances - ending	<u>\$ 1,106,291</u>	<u>\$ 157,044</u>	<u>\$ 1,263,335</u>

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

Town of Victoria, Virginia  
 Reconciliation of Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds	\$	151,651
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Depreciation expense	\$ (147,016)	(147,016)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Property taxes		5,308
<p>The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term obligations and related items.</p>		
Principal payments on note payable	\$ 9,010	
Principal payments on general obligation bond	<u>12,900</u>	21,910
<p>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. The following is a summary of items supporting this adjustment:</p>		
OPEB expense	\$ 755	
Pension expense	25,273	
Change in compensated absences	<u>14,359</u>	40,387
Change in net position of governmental activities		<u><u>\$ 72,240</u></u>

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

Town of Victoria, Virginia  
Statement of Net Position  
Proprietary Funds  
June 30, 2022

	Enterprise Funds					Total
	Oakwood Cemetery Fund	Lakeview Cemetery Fund	Sewer Fund	Water Fund	Water and Sewer Escrow Fund	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 5,889	\$ 151,810	\$ 121,576	\$ 180,326	\$ 34,256	\$ 493,857
Accounts receivable	-	-	62,145	68,635	-	130,780
Total current assets	<u>\$ 5,889</u>	<u>\$ 151,810</u>	<u>\$ 183,721</u>	<u>\$ 248,961</u>	<u>\$ 34,256</u>	<u>\$ 624,637</u>
Noncurrent assets:						
Net pension asset	\$ -	\$ -	\$ 65,509	\$ 104,850	\$ -	\$ 170,359
Capital assets (net of accumulated depreciation):						
Land	-	-	10,000	-	50,726	60,726
Buildings and system	-	-	2,239,436	3,278,528	-	5,517,964
Machinery and equipment	-	-	110,692	31,948	-	142,640
Total capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,360,128</u>	<u>\$ 3,310,476</u>	<u>\$ 50,726</u>	<u>\$ 5,721,330</u>
Total noncurrent assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,425,637</u>	<u>\$ 3,415,326</u>	<u>\$ 50,726</u>	<u>\$ 5,891,689</u>
Total assets	<u>\$ 5,889</u>	<u>\$ 151,810</u>	<u>\$ 2,609,358</u>	<u>\$ 3,664,287</u>	<u>\$ 84,982</u>	<u>\$ 6,516,326</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items	\$ -	\$ -	\$ 15,471	\$ 24,762	\$ -	\$ 40,233
OPEB related items	-	-	2,210	2,782	-	4,992
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,681</u>	<u>\$ 27,544</u>	<u>\$ -</u>	<u>\$ 45,225</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ 13,751	\$ 8,434	\$ -	\$ 22,185
Accrued liabilities	-	-	-	44	-	44
Customers' deposits	-	-	-	37,574	-	37,574
Compensated absences - current portion	-	-	1,052	1,199	-	2,251
Notes payable - current portion	-	-	-	450	-	450
Bonds payable - current portion	-	-	61,880	71,798	-	133,678
Total current liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,683</u>	<u>\$ 119,499</u>	<u>\$ -</u>	<u>\$ 196,182</u>
Noncurrent liabilities:						
Bonds payable - net of current portion	\$ -	\$ -	\$ -	\$ 1,718,009	\$ -	\$ 1,718,009
Net OPEB liability	-	-	8,111	10,213	-	18,324
Compensated absences - net of current portion	-	-	9,471	10,789	-	20,260
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,582</u>	<u>\$ 1,739,011</u>	<u>\$ -</u>	<u>\$ 1,756,593</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,265</u>	<u>\$ 1,858,510</u>	<u>\$ -</u>	<u>\$ 1,952,775</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension related items	\$ -	\$ -	\$ 60,919	\$ 97,504	\$ -	\$ 158,423
OPEB related items	-	-	3,304	4,448	-	7,752
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,223</u>	<u>\$ 101,952</u>	<u>\$ -</u>	<u>\$ 166,175</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ -	\$ -	\$ 2,298,248	\$ 1,520,219	\$ 50,726	\$ 3,869,193
Restricted - pension benefits	-	-	65,509	104,850	-	170,359
Unrestricted	5,889	151,810	104,794	106,300	34,256	403,049
Total net position	<u>\$ 5,889</u>	<u>\$ 151,810</u>	<u>\$ 2,468,551</u>	<u>\$ 1,731,369</u>	<u>\$ 84,982</u>	<u>\$ 4,442,601</u>

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

Town of Victoria, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2022

	Enterprise Funds					Total
	Oakwood Cemetery Fund	Lakeview Cemetery Fund	Sewer Fund	Water Fund	Water and Sewer Escrow Fund	
<b>OPERATING REVENUES</b>						
Charges for services:						
Water revenues	\$ -	\$ -	\$ -	\$ 715,969	\$ -	\$ 715,969
Sewer revenues	-	-	668,185	-	-	668,185
Tap fees	-	-	150	-	-	150
Sale of cemetery plots	226	2,439	-	-	-	2,665
Other charges for services	-	-	15,331	17,812	-	33,143
Miscellaneous	-	-	5,379	32,255	-	37,634
Total operating revenues	\$ 226	\$ 2,439	\$ 689,045	\$ 766,036	\$ -	\$ 1,457,746
<b>OPERATING EXPENSES</b>						
Personnel services	\$ -	\$ -	\$ 191,397	\$ 215,716	\$ -	\$ 407,113
Fringe benefits	-	-	48,789	50,616	-	99,405
Insurance	-	-	16,985	16,985	-	33,970
Supplies and other charges	-	-	260,159	313,392	-	573,551
Other miscellaneous expenses	652	2,131	-	-	-	2,783
Depreciation	-	-	180,908	134,366	-	315,274
Total operating expenses	\$ 652	\$ 2,131	\$ 698,238	\$ 731,075	\$ -	\$ 1,432,096
Operating income (loss)	\$ (426)	\$ 308	\$ (9,193)	\$ 34,961	\$ -	\$ 25,650
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment income	\$ 269	\$ 2,795	\$ 107	\$ 299	\$ -	\$ 3,470
COVID-19 American Rescue Plan Act grant	-	-	93,194	-	-	93,194
Interest expense	-	-	(2,395)	(50,433)	-	(52,828)
Total nonoperating revenues (expenses)	\$ 269	\$ 2,795	\$ 90,906	\$ (50,134)	\$ -	\$ 43,836
Change in net position	\$ (157)	\$ 3,103	\$ 81,713	\$ (15,173)	\$ -	\$ 69,486
Transfers in	-	-	31,862	-	-	31,862
Transfers out	-	-	-	(1,862)	-	(1,862)
Change in net position	\$ (157)	\$ 3,103	\$ 113,575	\$ (17,035)	\$ -	\$ 99,486
Total net position - beginning	6,046	148,707	2,354,976	1,748,404	84,982	4,343,115
Total net position - ending	\$ 5,889	\$ 151,810	\$ 2,468,551	\$ 1,731,369	\$ 84,982	\$ 4,442,601

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

Town of Victoria, Virginia  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2022

	Enterprise Funds					Total
	Oakwood Cemetery Fund	Lakeview Cemetery Fund	Sewer Fund	Water Fund	Water and Sewer Escrow Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers and users	\$ 226	\$ 2,439	\$ 670,836	\$ 724,921	\$ -	\$ 1,398,422
Payments to suppliers	-	-	(277,418)	(330,676)	-	(608,094)
Payments to and for employees	-	-	(248,649)	(294,556)	-	(543,205)
Other receipts (payments)	(652)	(2,131)	5,379	32,255	-	34,851
Net cash provided by (used for) operating activities	\$ (426)	\$ 308	\$ 150,148	\$ 131,944	\$ -	\$ 281,974
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers to other funds	\$ -	\$ -	\$ -	\$ (1,862)	\$ -	\$ (1,862)
Transfers from other funds	-	-	31,862	-	-	31,862
Intergovernmental grant	-	-	93,194	-	-	93,194
Net cash provided by (used for) noncapital financing activities	\$ -	\$ -	\$ 125,056	\$ (1,862)	\$ -	\$ 123,194
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Additions to capital assets	\$ -	\$ -	\$ (108,994)	\$ (20,358)	\$ -	\$ (129,352)
Principal payments on bonds and notes	-	-	(91,884)	(78,977)	-	(170,861)
Interest expense	-	-	(2,395)	(50,433)	-	(52,828)
Net cash provided by (used for) capital and related financing activities	\$ -	\$ -	\$ (203,273)	\$ (149,768)	\$ -	\$ (353,041)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest and dividend income	\$ 269	\$ 2,795	\$ 107	\$ 299	\$ -	\$ 3,470
Net cash provided by (used for) investing activities	\$ 269	\$ 2,795	\$ 107	\$ 299	\$ -	\$ 3,470
Net increase (decrease) in cash and cash equivalents	\$ (157)	\$ 3,103	\$ 72,038	\$ (19,387)	\$ -	\$ 55,597
Cash and cash equivalents - beginning	6,046	148,707	49,538	199,713	34,256	438,260
Cash and cash equivalents - ending	\$ 5,889	\$ 151,810	\$ 121,576	\$ 180,326	\$ 34,256	\$ 493,857
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>						
Operating income (loss)	\$ (426)	\$ 308	\$ (9,193)	\$ 34,961	\$ -	\$ 25,650
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	\$ -	\$ -	\$ 180,908	\$ 134,366	\$ -	\$ 315,274
(Increase) decrease in accounts receivable	-	-	(12,830)	(8,860)	-	(21,690)
(Increase) decrease in net pension asset/liability	-	-	(76,140)	(121,865)	-	(198,005)
(Increase) decrease in deferred outflows of resources	-	-	6,397	10,220	-	16,617
Increase (decrease) in accounts payable and accrued liabilities	-	-	(274)	(815)	-	(1,089)
Increase (decrease) in net OPEB liability	-	-	(3,740)	(4,710)	-	(8,450)
Increase (decrease) in compensated absences	-	-	2,141	(11,345)	-	(9,204)
Increase (decrease) in deferred inflows of resources	-	-	62,879	99,992	-	162,871
Total adjustments	\$ -	\$ -	\$ 159,341	\$ 96,983	\$ -	\$ 256,324
Net cash provided by (used for) operating activities	\$ (426)	\$ 308	\$ 150,148	\$ 131,944	\$ -	\$ 281,974

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

Town of Victoria, Virginia  
Notes to Financial Statements  
As of June 30, 2022

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***Note 1—Summary of Significant Accounting Policies:***

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Town of Victoria, Virginia (the "Town") is governed by an elected seven-member Council. The Town provides a full range of services for its citizens. These services include police and fire protection, sanitation services, and utilities.

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

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

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

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

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

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



***Note 1—Summary of Significant Accounting Policies: (Continued)***

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Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

**A. Financial Reporting Entity**

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the Town of Victoria (the primary government) and its component unit. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally and substantively separate from the government.

**B. Individual Component Unit Disclosures**

*Blended Component Unit* - The Town has no blended component units at June 30, 2022.

*Discretely Presented Component Units* - The Industrial Development Authority of Victoria is included because the Authority's primary use of funds is to provide Economic Development in the Town, and the Authority's members are appointed by Town Council. The Authority does not issue a separate financial report.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

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

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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

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

**1. Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the General Fund as a major governmental fund.

**a. General Fund**

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

**b. Special Revenue Funds**

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Special Revenue Funds consist of the Roundhouse Campgrounds Fund.

**c. Permanent Funds**

Permanent Funds account for and report resources that are restricted such that only earnings may be used for purposes that support the reporting government's programs (i.e., for the benefit of the government or its citizens). The Town's Permanent Funds consist of the following funds: Oakwood Cemetery Perpetual Care and Lakeview Cemetery Perpetual Care.

**2. Proprietary Funds**

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

**a. Enterprise Funds**

Enterprise funds account for the financing of services to the general public where all or most of the operating expenses involved are recorded in the form of charges to users of such services. Enterprise Funds consist of the Water Fund, Sewer Fund, Water and Sewer Escrow Fund, Oakwood Cemetery Fund and Lakeview Cemetery Fund.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**D. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government’s proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

**E. Investments**

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

**F. Receivables and Payables**

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. There is no allowance for uncollectibles at June 30, 2022.

**Real and Personal Property Tax Data:**

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

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The Town bills and collects its own property taxes.

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Town as land, buildings, equipment, and infrastructure with an initial individual cost of more than \$5,000 (with the exception of land values) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**G. Capital Assets (Continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Property, plant, equipment, lease assets, and infrastructure of the Town are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings and systems	10-40
Machinery and equipment	5-10
Infrastructure	20

**H. Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

**I. Use of Estimates**

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

**J. Net Position**

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

**Note 1—Summary of Significant Accounting Policies: (Continued)**

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**J. Net Position (Continued)**

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

**K. Pensions**

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

**L. Other Postemployment Benefits (OPEB)**

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

**M. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**N. Prepaid Items**

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

*Note 1—Summary of Significant Accounting Policies: (Continued)*

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**O. Fund Balance**

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

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

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

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 1—Summary of Significant Accounting Policies: (Continued)**

**O. Fund Balance (Continued)**

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General	Other Governmental	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances:			
Nonspendable:			
Cemetery perpetual care	\$ -	\$ 157,721	\$ 157,721
Committed:			
Library	\$ 16,639	\$ -	\$ 16,639
Future equipment	2,597	-	2,597
VHS	12,557	-	12,557
Blight property	21,653	-	21,653
Pool	11,979	-	11,979
Caboose	8,651	-	8,651
Parks and recreation	96,496	-	96,496
Community center	17,918	-	17,918
Drug seizure	1,749	-	1,749
Trails	545	-	545
Total committed	<u>\$ 190,784</u>	<u>\$ -</u>	<u>\$ 190,784</u>
Unassigned	<u>\$ 915,507</u>	<u>\$ (677)</u>	<u>\$ 914,830</u>
Total fund balances	<u><u>\$ 1,106,291</u></u>	<u><u>\$ 157,044</u></u>	<u><u>\$ 1,263,335</u></u>

**P. Deferred Outflow/Inflows of Resources**

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

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.



Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

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**Note 2—Stewardship, Compliance, and Accounting:**

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

1. Prior to May 1st, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund level. The appropriation for each fund can be revised only by the Town Council. The Town Manager is authorized to transfer budgeted amounts within general government departments.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, every year.
7. Expenditures and Appropriations  
Expenditures exceeded appropriations in no funds for the year ended June 30, 2022.

**Note 3—Deposits and Investments:**

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**Deposits**

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

**Investments**

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

The Town has no investments at June 30, 2022.

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

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*Note 4—Due from Other Governments:*

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At June 30, 2022, the Town has receivables from other governments as follows:

	<u>Primary Government</u>
<u>County of Lunenburg:</u>	
Local sales tax	\$ 8,100
<u>Commonwealth of Virginia:</u>	
Department of motor vehicles	2,227
Communications tax	<u>5,862</u>
Total	<u>\$ 16,189</u>

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Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 5—Capital Assets:**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

Primary Government:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 269,489	\$ -	\$ -	\$ 269,489
Total capital assets not subject to depreciation	<u>\$ 269,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 269,489</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 848,881	\$ -	\$ -	\$ 848,881
Machinery and equipment	519,394	-	-	519,394
Infrastructure	2,036,590	-	-	2,036,590
Total capital assets subject to depreciation	<u>\$ 3,404,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,404,865</u>
Accumulated depreciation:				
Buildings and system	\$ 603,089	\$ 23,071	\$ -	\$ 626,160
Machinery and equipment	403,209	22,115	-	425,324
Infrastructure	801,510	101,830	-	903,340
Total accumulated depreciation	<u>\$ 1,807,808</u>	<u>\$ 147,016</u>	<u>\$ -</u>	<u>\$ 1,954,824</u>
Total capital assets subject to depreciation, net	<u>\$ 1,597,057</u>	<u>\$ (147,016)</u>	<u>\$ -</u>	<u>\$ 1,450,041</u>
Governmental activities capital assets, net	<u>\$ 1,866,546</u>	<u>\$ (147,016)</u>	<u>\$ -</u>	<u>\$ 1,719,530</u>

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Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 5—Capital Assets: (Continued)**

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 60,726	\$ -	\$ -	\$ 60,726
Total capital assets not subject to depreciation	<u>\$ 60,726</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,726</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 10,209,136	\$ 113,552	\$ -	\$ 10,322,688
Machinery and equipment	527,133	15,800	-	542,933
Total capital assets subject to depreciation	<u>\$ 10,736,269</u>	<u>\$ 129,352</u>	<u>\$ -</u>	<u>\$ 10,865,621</u>
Accumulated depreciation:				
Buildings and system	\$ 4,535,924	\$ 268,800	\$ -	\$ 4,804,724
Machinery and equipment	353,819	46,474	-	400,293
Total accumulated depreciation	<u>\$ 4,889,743</u>	<u>\$ 315,274</u>	<u>\$ -</u>	<u>\$ 5,205,017</u>
Total capital assets subject to depreciation, net	<u>\$ 5,846,526</u>	<u>\$ (185,922)</u>	<u>\$ -</u>	<u>\$ 5,660,604</u>
Business-type activities capital assets, net	<u><u>\$ 5,907,252</u></u>	<u><u>\$ (185,922)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,721,330</u></u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 1,942
Public safety	14,118
Public works	83,541
Parks, recreation, and culture	47,415
Total depreciation expense-governmental activities	<u>\$ 147,016</u>
Business-type activities:	
Water and Sewer	\$ 315,274
Total depreciation expense-business-type activities	<u>\$ 315,274</u>

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 6—Long-Term Obligations:**

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2022	Amounts Due Within One Year
Primary Government Obligations:					
Governmental Activities:					
Direct borrowings and placements:					
General obligation bond	\$ 26,160	\$ -	\$ 12,900	\$ 13,260	\$ 13,260
Note payable	9,461	-	9,010	451	451
Net pension liability	27,098	133,945	161,043	-	-
Net OPEB liability	17,117	3,246	8,648	11,715	-
Compensated absences	44,528	-	14,359	30,169	3,017
Total Governmental Activities	<u>\$ 124,364</u>	<u>\$ 137,191</u>	<u>\$ 205,960</u>	<u>\$ 55,595</u>	<u>\$ 16,728</u>
Business-type Activities:					
Direct borrowings and placements:					
General obligation bonds	\$ 1,981,853	\$ -	\$ 130,166	\$ 1,851,687	\$ 133,678
Notes payable	41,145	-	40,695	450	450
Net pension liability	27,646	136,652	164,298	-	-
Net OPEB liability	26,774	5,077	13,527	18,324	-
Compensated absences	31,715	-	9,204	22,511	2,251
Total Business-type Activities	<u>\$ 2,109,133</u>	<u>\$ 141,729</u>	<u>\$ 357,890</u>	<u>\$ 1,892,972</u>	<u>\$ 136,379</u>
Total Primary Government Obligations	<u>\$ 2,233,497</u>	<u>\$ 278,920</u>	<u>\$ 563,850</u>	<u>\$ 1,948,567</u>	<u>\$ 153,107</u>

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

Year Ending June 30,	Governmental Activities Obligations			
	Direct Borrowings and Placements			
	General Obligation Bond		Note Payable	
	Principal	Interest	Principal	Interest
2023	13,260	206	451	10
Totals	<u>\$ 13,260</u>	<u>\$ 206</u>	<u>\$ 451</u>	<u>\$ 10</u>

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 6—Long-Term Obligations: (Continued)**

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

Year Ending June 30,	Business-type Activities Obligations			
	Direct Borrowings and Placements			
	General Obligation Bonds		Notes Payable	
	Principal	Interest	Principal	Interest
2023	133,678	49,362	450	10
2024	37,325	46,963	-	-
2025	38,494	45,794	-	-
2026	39,568	44,720	-	-
2027	40,671	43,617	-	-
2028	41,688	42,600	-	-
2029	42,967	41,321	-	-
2030	44,165	40,123	-	-
2031	45,397	38,891	-	-
2032	46,559	37,729	-	-
2033	47,961	36,327	-	-
2034	49,298	34,990	-	-
2035	50,672	33,616	-	-
2036	51,997	32,291	-	-
2037	53,535	30,753	-	-
2038	55,027	29,261	-	-
2039	56,562	27,726	-	-
2040	58,068	26,221	-	-
2041	59,758	24,530	-	-
2042	61,424	22,864	-	-
2043	63,137	21,151	-	-
2044	64,844	19,444	-	-
2045	66,705	17,583	-	-
2046	68,565	15,723	-	-
2047	70,476	13,812	-	-
2048	72,410	11,878	-	-
2049	74,460	9,828	-	-
2050	76,536	7,752	-	-
2051	78,670	5,618	-	-
2052	80,856	3,432	-	-
2053	80,214	1,160	-	-
Totals	\$ 1,851,687	\$ 857,080	\$ 450	\$ 10

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 6—Long-Term Obligations: (Continued)**

Details of long-term obligations:

Primary Government Obligations:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Governmental Activities:						
Direct borrowings and placements:						
General obligation bond, split between governmental and business-type activities. See Note B.	2.07%	01/16/13	2/1/2023	\$ 999,000	\$ 13,260	\$ 13,260
Note payable, split between governmental and business-type activities. See Note A.	4.35%	08/13/18	8/15/2023	41,112	451	451
Other long-term obligations:						
Net OPEB liability					11,715	-
Compensated absences					30,169	3,017
Total Long-Term Obligations - Governmental Activities					<u>\$ 55,595</u>	<u>\$ 16,728</u>
					<u>Balance Business-type Activities</u>	<u>Amount Due Within One Year</u>
Business-type Activities:						
Direct borrowings and placements:						
General obligation bond split between governmental and business-type activities. See Note B.	2.07%	01/16/13	2/1/2023	\$ 999,000	\$ 97,240	\$ 97,240
General obligation and water system revenue bond. See Notes B & C.	2.75%	06/19/13	6/19/2053	1,984,000	1,754,447	36,438
Note payable, split between governmental and business-type activities. See Note A.	4.35%	08/13/18	8/15/2023	41,112	450	450
Other long-term obligations:						
Net OPEB liability					18,324	-
Compensated absences					22,511	2,251
Total Long-Term Obligations - Business-type Activities					<u>\$ 1,892,972</u>	<u>\$ 136,379</u>
Total Primary Government Long-Term Obligations					<u>\$ 1,948,567</u>	<u>\$ 153,107</u>

Notes to Direct borrowings and placements, Governmental & Business-type Activities:

- A. In the event of default, the lender may declare the entire unpaid principal balance under this note and all accrued unpaid interest, together with applicable fees and charges, in any, immediately due and payable. In addition, the lender may require the Town to return the equipment after the default occurs.
- B. In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.
- C. The principal and interest on these bonds are secured by a pledge of the Net Revenues of the System as provided for in the bond resolution. Rates or fees charged to users of the System are required to be maintained at a level that will produce sufficient revenue to pay all costs of operations of the System and the installments of principal and interest on these bonds.

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 7—Deferred/Unavailable Revenue:**

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

	Government- wide Statements	Balance Sheet
	Governmental Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 18,618
Prepaid property taxes due in December 2022 but paid in advance by taxpayers	<u>2,976</u>	<u>2,976</u>
	<u>\$ 2,976</u>	<u>\$ 21,594</u>

**Note 8—Commitments and Contingencies:**

A Consent Special Order was issued on October 27, 2020 under the authority of Virginia Code 62.1-44.15 between the State Water Control Board and the Town of Victoria, VA. Under the consent order, the Town will upgrade the East Sewer Treatment Plant, construct a sewage pump station at the West Sewer Treatment Plant by December 31, 2023. The West Sewer Treatment Plant will be closed in 2024.

**Note 9—Litigation:**

At June 30, 2022, there were no matters of litigation involving the Town or which would materially affect the Town's financial position should any court decisions on pending matters not be favorable to the Town.

**Note 10—Risk Management:**

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



**Note 11—Pension Plan:**

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***Plan Description***

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

***Benefit Structures***

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

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

**Note 11—Pension Plan: (Continued)**

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Employees Covered by Benefit Terms***

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	10
Inactive members:	
Vested inactive members	3
Non-vested inactive members	4
Inactive members active elsewhere in VRS	<u>9</u>
Total inactive members	16
Active members	<u>17</u>
Total covered employees	<u><u>43</u></u>

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

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**Note 11—Pension Plan: (Continued)**

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**Contributions**

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

The Town’s contractually required employer contribution rate for the year ended June 30, 2022 was 6.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Town were \$30,587 and \$30,566 for the years ended June 30, 2022 and June 30, 2021, respectively.

**Net Pension Liability (Asset)**

The net pension liability (asset) (NPL(A)) is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GASB Statement No. 68, less that employer’s fiduciary net position. For the Town, the net pension liability (asset) was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

**Actuarial Assumptions - General Employees**

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 11—Pension Plan: (Continued)**

**Actuarial Assumptions - General Employees (Continued)**

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

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*Note 11—Pension Plan: (Continued)*

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*Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits*

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

**Note 11—Pension Plan: (Continued)**

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

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

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

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

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**Note 11—Pension Plan: (Continued)**

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

\*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town and was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

*Note 11—Pension Plan: (Continued)*

*Discount Rate (Continued)*

in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in Net Pension Liability (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 2,089,132	\$ 2,034,388	\$ 54,744
Changes for the year:			
Service cost	\$ 62,169	\$ -	\$ 62,169
Interest	137,893	-	137,893
Differences between expected and actual experience	(52,184)	-	(52,184)
Assumption changes	69,154	-	69,154
Contributions - employer	-	30,566	(30,566)
Contributions - employee	-	24,909	(24,909)
Net investment income	-	554,973	(554,973)
Benefit payments, including refunds			
Refunds of employee contributions	(92,554)	(92,554)	-
Administrative expenses	-	(1,379)	1,379
Other changes	-	52	(52)
Net changes	\$ 124,478	\$ 516,567	\$ (392,089)
Balances at June 30, 2021	\$ 2,213,610	\$ 2,550,955	\$ (337,345)



Town of Victoria, Virginia

Notes to Financial Statements (Continued)  
As of June 30, 2022

*Note 11—Pension Plan: (Continued)*

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town's Net Pension Liability (Asset) \$	(52,263)	\$ (337,345)	\$ (571,439)

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

For the year ended June 30, 2022, the Town recognized pension expense of (\$20,474). At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	-	\$ 37,907
Change in assumptions	49,082	-
Net difference between projected and actual earnings on plan investments	-	275,802
Employer contributions subsequent to the measurement date	30,587	-
Total	\$ 79,669	\$ 313,709

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

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**Note 11—Pension Plan: (Continued)**

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

\$30,587 reported as deferred outflows of resources related to pensions resulting from the Town’s contributions subsequent to the measurement date will be recognized as a reduction of (increase in) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

**Year ended June 30**

2023	\$	(60,093)
2024		(58,068)
2025		(62,678)
2026		(83,788)
2027		-
Thereafter		-

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**Note 12—Group Life Insurance (GLI) Plan (OPEB Plan):**

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

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

**Note 12—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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

**Eligible Employees**

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

**Benefit Amounts**

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$8,722 as of June 30, 2022.

**Contributions**

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the Town were \$2,895 and \$2,879 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the Town reported a liability of \$30,039 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the Town's proportion was .00260% as compared to .00260% at June 30, 2020.

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 12—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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

For the year ended June 30, 2022, the Town recognized GLI OPEB expense of \$966. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<b>Primary Government</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,426	\$ 229
Net difference between projected and actual earnings on GLI OPEB plan investments	-	7,169
Change in assumptions	1,656	4,110
Changes in proportionate share	206	1,200
Employer contributions subsequent to the measurement date	2,895	-
<b>Total</b>	<b>\$ 8,183</b>	<b>\$ 12,708</b>

\$2,895 reported as deferred outflows of resources related to the GLI OPEB resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<b>Year Ended June 30</b>	
2023	\$ (1,744)
2024	(1,411)
2025	(1,396)
2026	(2,340)
2027	(529)
Thereafter	-

**Note 12—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

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

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 12—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

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

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

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

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

**Mortality Improvement Scale:**

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)  
As of June 30, 2022

**Note 12—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Actuarial Assumptions: (Continued)**

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

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

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

**NET GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

	<b>GLI OPEB Plan</b>
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 12—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

**Long-Term Expected Rate of Return**

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

\*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.



Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

**Note 12—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's proportionate share of the GLI Plan Net OPEB Liability	\$ 43,887	\$ 30,039	\$ 18,855

**GLI Plan Fiduciary Net Position**

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Comprehensive Annual Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**Note 13—Transfers:**

During the year, \$30,000 was transferred from the General Fund to the Sewer Fund and \$1,862 was transferred from the Water Fund to the Sewer Fund.

**Note 14—Surety Bonds:**

The following surety bond is held by the Town:

Virginia Risk Sharing Association:	
Town employees - blanket bond	\$ 100,000

**Note 15—Line of Duty Act (LODA) (OPEB Benefits):**

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

**Note 15—Line of Duty Act (LODA) (OPEB Benefits) (Continued)**

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

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The Town's LODA coverage is fully covered or "insured" through VRSA. This is built into the LODA coverage cost presented in the annual renewals. The Town's LODA premium for the year ended June 30, 2022 was \$2,482.

**Note 16—Upcoming Pronouncements:**

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

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

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

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

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

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

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2022

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***Note 17—COVID-19 Pandemic and Subsequent Events:***

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The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

**ARPA Funding**

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

On June 29, 2022, the Town received its share of the first half of the CSLFRF funds of \$843,501. On July 22, 2022, the Town received its second half in the amount of \$843,501. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$710,425 from the initial allocation are reported as unearned revenue as of June 30.

**IDA**

The IDA entered into an agreement to sell 1131 Court Street to Fellowship Chair. Terms were not available as of the report date.

Town of Victoria, Virginia  
General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 173,297	\$ 173,297	\$ 199,015	\$ 25,718
Other local taxes	313,375	313,375	356,046	42,671
Permits, privilege fees, and regulatory licenses	820	820	6,175	5,355
Fines and forfeitures	10,000	10,000	1,122	(8,878)
Revenue from the use of money and property	3,000	3,000	7,253	4,253
Charges for services	118,750	118,750	133,332	14,582
Miscellaneous	11,250	13,250	33,799	20,549
Recovered costs	27,400	27,400	33,897	6,497
Intergovernmental:				
Commonwealth	103,953	103,953	151,021	47,068
Federal	3,400	846,400	43,140	(803,260)
Total revenues	\$ 765,245	\$ 1,610,245	\$ 964,800	\$ (645,445)
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 114,866	\$ 119,951	\$ 114,861	\$ 5,090
Public safety	382,883	377,088	407,582	(30,494)
Public works	160,723	161,457	133,952	27,505
Parks, recreation, and cultural	49,000	52,400	55,185	(2,785)
Community development	3,500	3,500	658	2,842
Nondepartmental	54,273	895,849	48,843	847,006
Debt service:				
Principal retirement	-	-	21,910	(21,910)
Interest and other fiscal charges	-	-	803	(803)
Total expenditures	\$ 765,245	\$ 1,610,245	\$ 783,794	\$ 826,451
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 181,006	\$ 181,006
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ (30,000)	\$ (30,000)
Total other financing sources (uses)	\$ -	\$ -	\$ (30,000)	\$ (30,000)
Net change in fund balances	\$ -	\$ -	\$ 151,006	\$ 151,006
Fund balances - beginning	-	-	955,285	955,285
Fund balances - ending	\$ -	\$ -	\$ 1,106,291	\$ 1,106,291

Town of Victoria, Virginia

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

For the Measurement Dates of June 30, 2014 through June 30, 2021

	<u>2021</u>	<u>2020</u>
<b>Total pension liability</b>		
Service cost	\$ 62,169	\$ 54,573
Interest	137,893	131,829
Differences between expected and actual experience	(52,184)	(4,033)
Changes of assumptions	69,154	-
Benefit payments	(92,554)	(92,530)
<b>Net change in total pension liability</b>	<u>\$ 124,478</u>	<u>\$ 89,839</u>
<b>Total pension liability - beginning</b>	<u>2,089,132</u>	<u>1,999,293</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 2,213,610</u></u>	<u><u>\$ 2,089,132</u></u>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ 30,566	\$ 28,970
Contributions - employee	24,909	25,304
Net investment income	554,973	38,660
Benefit payments	(92,554)	(92,530)
Administrator charges	(1,379)	(1,327)
Other	52	(46)
<b>Net change in plan fiduciary net position</b>	<u>\$ 516,567</u>	<u>\$ (969)</u>
<b>Plan fiduciary net position - beginning</b>	<u>2,034,388</u>	<u>2,035,357</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 2,550,955</u></u>	<u><u>\$ 2,034,388</u></u>
<b>Town's net pension liability (asset) - ending (a) - (b)</b>	\$ (337,345)	\$ 54,744
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	115.24%	97.38%
<b>Covered payroll</b>	\$ 533,223	\$ 542,026
<b>Town's net pension liability (asset) as a percentage of covered payroll</b>	-63.27%	10.10%

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

Exhibit 11

	2019	2018	2017	2016	2015	2014
\$	54,998	\$ 51,517	\$ 62,285	\$ 66,843	\$ 63,638	\$ 58,550
	127,246	126,042	113,843	111,151	108,019	102,867
	(1,287)	(53,337)	111,977	(35,711)	(32,032)	-
	57,539	-	(13,554)	-	-	-
	(114,012)	(100,031)	(100,525)	(107,123)	(82,639)	(92,986)
\$	<u>124,484</u>	\$ <u>24,191</u>	\$ <u>174,026</u>	\$ <u>35,160</u>	\$ <u>56,986</u>	\$ <u>68,431</u>
	1,874,809	1,850,618	1,676,592	1,641,432	1,584,446	1,516,015
\$	<u><u>1,999,293</u></u>	\$ <u><u>1,874,809</u></u>	\$ <u><u>1,850,618</u></u>	\$ <u><u>1,676,592</u></u>	\$ <u><u>1,641,432</u></u>	\$ <u><u>1,584,446</u></u>
\$	27,886	\$ 29,539	\$ 31,317	\$ 38,533	\$ 38,655	\$ 43,008
	23,938	23,923	25,248	24,544	24,811	24,762
	129,400	137,787	207,273	29,190	76,732	230,901
	(114,012)	(100,031)	(100,525)	(107,123)	(82,639)	(92,986)
	(1,309)	(1,201)	(1,215)	(1,087)	(1,054)	(1,253)
	(81)	(122)	(184)	(13)	(15)	12
\$	<u>65,822</u>	\$ <u>89,895</u>	\$ <u>161,914</u>	\$ <u>(15,956)</u>	\$ <u>56,490</u>	\$ <u>204,444</u>
	1,969,535	1,879,640	1,717,726	1,733,682	1,677,192	1,472,748
\$	<u><u>2,035,357</u></u>	\$ <u><u>1,969,535</u></u>	\$ <u><u>1,879,640</u></u>	\$ <u><u>1,717,726</u></u>	\$ <u><u>1,733,682</u></u>	\$ <u><u>1,677,192</u></u>
\$	(36,064)	\$ (94,726)	\$ (29,022)	\$ (41,134)	\$ (92,250)	\$ (92,746)
	101.80%	105.05%	101.57%	102.45%	105.62%	105.85%
\$	511,158	\$ 508,806	\$ 527,943	\$ 501,410	\$ 496,381	\$ 495,061
	-7.06%	-18.62%	-5.50%	-8.20%	-18.58%	-18.73%

Town of Victoria, Virginia  
 Schedule of Employer Contributions - Pension Plan  
 For the Years Ended June 30, 2013 through 2022

Date	Contractually Required Contribution* (1)	Contributions in Relation to Contractually Required Contribution* (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 30,587	\$ 30,587	\$ -	\$ 538,970	5.68%
2021	30,566	30,566	-	533,223	5.73%
2020	28,802	28,802	-	542,026	5.31%
2019	27,886	27,886	-	511,158	5.46%
2018	29,539	29,539	-	508,806	5.81%
2017	32,680	32,680	-	527,943	6.19%
2016	39,060	39,060	-	501,410	7.79%
2015	38,668	38,668	-	496,381	7.79%
2014	39,407	39,407	-	495,061	7.96%
2013	39,396	39,396	-	494,923	7.96%

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

**Town of Victoria, Virginia**  
**Notes to Required Supplementary Information**  
**Pension Plans**  
**For the Year Ended June 30, 2022**

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

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

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

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

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

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



Town of Victoria, Virginia  
 Schedule of Town's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through 2021

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2021	0.00260% \$	30,039 \$	533,223	5.63%	67.45%
2020	0.00260%	43,891	542,026	8.10%	52.64%
2019	0.00261%	42,471	511,158	8.31%	52.00%
2018	0.00268%	40,000	508,806	7.86%	51.22%
2017	0.00286%	43,000	527,943	8.14%	48.86%

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

Town of Victoria, Virginia  
 Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 2,895	\$ 2,895	-	\$ 536,197	0.54%
2021	2,879	2,879	-	533,223	0.54%
2020	2,819	2,819	-	542,026	0.52%
2019	2,658	2,658	-	511,158	0.52%
2018	2,646	2,646	-	508,806	0.52%
2017	2,745	2,745	-	527,943	0.52%
2016	2,407	2,407	-	501,410	0.48%
2015	2,422	2,422	-	504,630	0.48%
2014	2,395	2,395	-	499,061	0.48%
2013	2,376	2,376	-	494,923	0.48%

**Town of Victoria, Virginia**  
**Notes to Required Supplementary Information**  
**Group Life Insurance (GLI) Plan**  
**For the Year Ended June 30, 2022**

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

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

**Non-Largest Ten Locality Employers - General Employees**

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

**Non-Largest Ten Locality Employers - Hazardous Duty Employees**

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

Town of Victoria, Virginia  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2022

	<u>Special Revenue</u>	<u>Permanent Funds</u>		Total Nonmajor Governmental <u>Funds</u>
	Roundhouse Campgrounds <u>Fund</u>	Lakeview Cemetery Perpetual Care <u>Fund</u>	Oakwood Cemetery Perpetual Care <u>Fund</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 139,855	\$ 17,866	\$ 157,721
<b>LIABILITIES</b>				
Reconciled overdraft	\$ 677	\$ -	\$ -	\$ 677
<b>FUND BALANCES</b>				
Nonspendable	\$ -	\$ 139,855	\$ 17,866	\$ 157,721
Unassigned	(677)	-	-	(677)
Total fund balances	\$ (677)	\$ 139,855	\$ 17,866	\$ 157,044
Total liabilities and fund balances	\$ -	\$ 139,855	\$ 17,866	\$ 157,721

Town of Victoria, Virginia  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

	<u>Special Revenue</u>	<u>Permanent Funds</u>		Total Nonmajor Governmental <u>Funds</u>
	Roundhouse Campgrounds <u>Fund</u>	Lakeview Cemetery Perpetual Care <u>Fund</u>	Oakwood Cemetery Perpetual Care <u>Fund</u>	
<b>REVENUES</b>				
Revenue from the use of money and property	\$ -	\$ 421	\$ 77	\$ 498
Charges for services	-	179	-	179
Miscellaneous	52	-	-	52
Total revenues	<u>\$ 52</u>	<u>\$ 600</u>	<u>\$ 77</u>	<u>\$ 729</u>
<b>EXPENDITURES</b>				
Current:				
Public works	\$ 84	\$ -	\$ -	\$ 84
Excess (deficiency) of revenues over (under) expenditures	\$ (32)	\$ 600	\$ 77	\$ 645
Fund balances - beginning	(645)	139,255	17,789	156,399
Fund balances - ending	<u>\$ (677)</u>	<u>\$ 139,855</u>	<u>\$ 17,866</u>	<u>\$ 157,044</u>

**Town of Victoria, Virginia**  
**Statement of Net Position**  
**Discretely Presented Component Unit - Industrial Development Authority**  
**June 30, 2022**

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**ASSETS**

Current assets:

Cash and cash equivalents	\$ 25,602
Property held for resale	402,800
Note receivable - current portion	9,000
Total current assets	\$ 437,402

Noncurrent assets:

Note receivable - noncurrent portion	\$ 99,000
Total assets	\$ 536,402

**NET POSITION**

Unrestricted	\$ 536,402
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Town of Victoria, Virginia  
Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Industrial Development Authority  
For the Year Ended June 30, 2022

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**OPERATING REVENUES**

Lease revenue	\$ 35,000
Miscellaneous	30,000
Total operating revenues	\$ 65,000

**OPERATING EXPENSES**

Other charges	\$ 216,604
Operating income (loss)	\$ (151,604)

**NONOPERATING REVENUES (EXPENSES)**

Investment income	\$ 252
Total nonoperating revenues (expenses)	\$ 252

Change in net position	\$ (151,352)
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Total net position - beginning	687,754
Total net position - ending	\$ 536,402

**Town of Victoria, Virginia**  
**Statement of Cash Flows**  
**Discretely Presented Component Unit - Industrial Development Authority**  
**For the Year Ended June 30, 2022**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers and users	\$ 35,000
Payments for operating activities	(216,604)
Net cash provided by (used for) operating activities	<u>\$ (181,604)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal received on note receivable	<u>\$ 9,000</u>
Net cash provided (used) by capital and related financing activities	<u>\$ 9,000</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income	<u>\$ 252</u>
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Net increase (decrease) in cash and cash equivalents	\$ (172,352)
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Cash and cash equivalents - beginning	<u>197,954</u>
Cash and cash equivalents - ending	<u><u>\$ 25,602</u></u>

**Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:**

Operating income (loss)	\$ (151,604)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Increase (decrease) in customer deposits	<u>(30,000)</u>

Net cash provided by (used for) operating activities	<u><u>\$ (181,604)</u></u>
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Town of Victoria, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Current property taxes	\$ 161,047	\$ 161,047	\$ 179,073	\$ 18,026
Delinquent property taxes	2,800	2,800	7,819	5,019
Penalty and interest	4,000	4,000	4,873	873
DMV stop payments	5,200	5,200	7,250	2,050
Tax administrative fees	250	250	-	(250)
Total general property taxes	<u>\$ 173,297</u>	<u>\$ 173,297</u>	<u>\$ 199,015</u>	<u>\$ 25,718</u>
Other local taxes:				
Local sales and use taxes	\$ 37,000	\$ 37,000	\$ 51,628	\$ 14,628
Consumers' utility taxes	85,800	85,800	37,123	(48,677)
Consumption tax	5,000	5,000	5,196	196
Meals tax	87,725	87,725	139,395	51,670
ABC License	250	250	245	(5)
Business license taxes	31,600	31,600	41,776	10,176
Motor vehicle licenses	30,000	30,000	31,367	1,367
Bank stock taxes	36,000	36,000	49,316	13,316
Total other local taxes	<u>\$ 313,375</u>	<u>\$ 313,375</u>	<u>\$ 356,046</u>	<u>\$ 42,671</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 820	\$ 820	\$ 6,175	\$ 5,355
Fines and forfeitures:				
Court fines and forfeitures	\$ 10,000	\$ 10,000	\$ 1,122	\$ (8,878)
Revenue from use of money and property:				
Revenue from use of money	\$ 1,500	\$ 1,500	\$ 5,153	\$ 3,653
Revenue from use of property	1,500	1,500	2,100	600
Total revenue from use of money and property	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 7,253</u>	<u>\$ 4,253</u>
Charges for services:				
Charges for refuse collection	\$ 105,000	\$ 105,000	\$ 111,721	\$ 6,721
Public pool	13,750	13,750	21,611	7,861
Total charges for services	<u>\$ 118,750</u>	<u>\$ 118,750</u>	<u>\$ 133,332</u>	<u>\$ 14,582</u>
Miscellaneous				
	\$ 11,250	\$ 13,250	\$ 33,799	\$ 20,549
Recovered costs:				
Department of Motor Vehicles	\$ 26,400	\$ 26,400	\$ 32,501	\$ 6,101
Litter grant - Lunenburg County	1,000	1,000	1,396	396
Total recovered costs	<u>\$ 27,400</u>	<u>\$ 27,400</u>	<u>\$ 33,897</u>	<u>\$ 6,497</u>
Total revenue from local sources	<u>\$ 657,892</u>	<u>\$ 659,892</u>	<u>\$ 770,639</u>	<u>\$ 110,747</u>

Town of Victoria, Virginia  
Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communications tax	\$ -	\$ -	\$ 36,643	\$ 36,643
Personal property tax relief funds	45,953	45,953	45,953	-
Total noncategorical aid	<u>\$ 45,953</u>	<u>\$ 45,953</u>	<u>\$ 82,596</u>	<u>\$ 36,643</u>
Categorical aid:				
Other categorical aid:				
Fire programs	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Local law enforcement block grant	43,000	43,000	47,035	4,035
Disaster assistance	-	-	4,770	4,770
Forfeited assets	-	-	1,620	1,620
Total other categorical aid	<u>\$ 58,000</u>	<u>\$ 58,000</u>	<u>\$ 68,425</u>	<u>\$ 10,425</u>
Total categorical aid	<u>\$ 58,000</u>	<u>\$ 58,000</u>	<u>\$ 68,425</u>	<u>\$ 10,425</u>
Total revenue from the Commonwealth	<u>\$ 103,953</u>	<u>\$ 103,953</u>	<u>\$ 151,021</u>	<u>\$ 47,068</u>
Revenue from the federal government:				
Categorical aid:				
Justice assistance grant	\$ 3,400	\$ 3,400	\$ 3,258	\$ (142)
COVID-19 American Rescue Plan Act	-	843,000	39,882	(803,118)
Total categorical aid	<u>\$ 3,400</u>	<u>\$ 846,400</u>	<u>\$ 43,140</u>	<u>\$ (803,260)</u>
Total revenue from the federal government	<u>\$ 3,400</u>	<u>\$ 846,400</u>	<u>\$ 43,140</u>	<u>\$ (803,260)</u>
Total General Fund	<u>\$ 765,245</u>	<u>\$ 1,610,245</u>	<u>\$ 964,800</u>	<u>\$ (645,445)</u>
<b>Special Revenue Funds:</b>				
<b>Roundhouse Campgrounds Fund:</b>				
Revenue from local sources:				
Miscellaneous	\$ 200	\$ 200	\$ 52	\$ (148)
<b>Permanent Funds:</b>				
<b>Lakeview Cemetery Perpetual Care Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 421	\$ 421
Charges for services:				
Sale of cemetery lots	\$ -	\$ -	\$ 179	\$ 179
Total Lakeview Cemetery Perpetual Care Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 600</u>	<u>\$ 600</u>

Town of Victoria, Virginia  
 Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2022

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Permanent Funds: (Continued)</b>				
<b>Oakwood Cemetery Perpetual Care Fund:</b>				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 77	\$ 77
Total revenue from local sources	\$ -	\$ -	\$ 77	\$ 77
Total Oakwood Cemetery Perpetual Care Fund	\$ -	\$ -	\$ 77	\$ 77
Total Permanent Funds	\$ -	\$ -	\$ 677	\$ 677
Total Primary Government	\$ 765,445	\$ 1,610,445	\$ 965,529	\$ (644,916)

Town of Victoria, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2022

<u>Fund, Function, Element and Activity</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund:</b>				
General government administration:				
Legislative:				
Town council	\$ 10,000	\$ 10,000	\$ 8,128	\$ 1,872
General and financial administration:				
Administration	\$ 102,416	\$ 107,145	\$ 103,929	\$ 3,216
Legal services	2,450	2,806	2,804	2
Total general and financial administration	\$ 104,866	\$ 109,951	\$ 106,733	\$ 3,218
Total general government administration	\$ 114,866	\$ 119,951	\$ 114,861	\$ 5,090
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 279,383	\$ 272,338	\$ 302,832	\$ (30,494)
Total law enforcement and traffic control	\$ 279,383	\$ 272,338	\$ 302,832	\$ (30,494)
Fire and rescue services:				
Volunteer fire and rescue departments	\$ 103,500	\$ 104,750	\$ 104,750	\$ -
Total public safety	\$ 382,883	\$ 377,088	\$ 407,582	\$ (30,494)
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 52,553	\$ 52,553	\$ 30,321	\$ 22,232
Total maintenance of highways, streets, bridges and sidewalks	\$ 52,553	\$ 52,553	\$ 30,321	\$ 22,232
Sanitation and waste removal:				
Refuse collection and disposal	\$ 89,784	\$ 90,518	\$ 86,311	\$ 4,207
Maintenance of general buildings and grounds:				
Municipal building	\$ 15,186	\$ 15,186	\$ 13,910	\$ 1,276
VHS	3,200	3,200	3,410	(210)
Total maintenance of general buildings and grounds	\$ 18,386	\$ 18,386	\$ 17,320	\$ 1,066
Total public works	\$ 160,723	\$ 161,457	\$ 133,952	\$ 27,505
Parks, recreation, and cultural:				
Parks and recreation:				
Caboose fund	\$ -	\$ 1,400	\$ 1,577	\$ (177)
Public pool	13,750	13,750	17,066	(3,316)
Park and recreation	27,250	27,250	34,601	(7,351)
Community center	-	2,000	1,692	308
Total parks and recreation	\$ 41,000	\$ 44,400	\$ 54,936	\$ (10,536)
Library:				
Library	\$ 8,000	\$ 8,000	\$ 249	\$ 7,751
Total parks, recreation, and cultural	\$ 49,000	\$ 52,400	\$ 55,185	\$ (2,785)

Town of Victoria, Virginia  
Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2022

<u>Fund, Function, Element and Activity</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>General Fund: (Continued)</b>				
Community development:				
Planning and community development:				
Condemned property removal	\$ 3,500	\$ 3,500	\$ 658	\$ 2,842
Total planning and community development	3,500	3,500	658	2,842
Total community development	3,500	3,500	658	2,842
Nondepartmental:				
Contingencies and miscellaneous	\$ 54,273	\$ 895,849	\$ 48,843	\$ 847,006
Debt service:				
Principal retirement	\$ -	\$ -	\$ 21,910	\$ (21,910)
Interest and other fiscal charges	-	-	803	(803)
Total debt service	\$ -	\$ -	\$ 22,713	\$ (22,713)
Total General Fund	\$ 765,245	\$ 1,610,245	\$ 783,794	\$ 826,451
<b>Special Revenue Funds:</b>				
<b>Roundhouse Campgrounds Fund:</b>				
Parks, recreation, and cultural				
Roundhouse campgrounds	\$ 200	\$ 200	\$ 84	\$ 116
Total Primary Government	\$ 765,445	\$ 1,610,445	\$ 783,878	\$ 826,567

Table 1

**Town of Victoria, Virginia**  
**Government-Wide Expenses by Function**  
**Last Ten Fiscal Years**

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Obligations	Business-type Activities	Total
2013	\$ 201,928	\$ 284,246	\$ 211,675	\$ 55,507	\$ 34,303	\$ 3,492	\$ 1,266,259	\$ 2,057,410
2014	138,259	341,089	123,202	80,396	34,996	13,838	1,196,532	1,928,312
2015	108,917	328,125	142,322	134,076	94	3,459	1,321,848	2,038,841
2016	167,963	424,042	115,923	46,024	208	3,179	1,391,286	2,148,625
2017	143,940	361,268	144,304	113,265	494	2,522	1,231,017	1,996,810
2018	126,619	370,974	181,875	89,081	119	1,492	1,374,171	2,144,331
2019	135,981	357,116	195,500	115,022	1,556	1,246	1,470,531	2,276,952
2020	141,625	410,786	229,504	73,059	1,496	1,678	1,555,403	2,413,551
2021	13,260	365,300	293,984	71,457	78,215	1,246	1,533,965	2,357,427
2022	120,600	398,164	211,875	102,600	658	803	1,484,924	2,319,624

**Town of Victoria, Virginia  
Government-Wide Revenues  
Last Ten Fiscal Years**

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Revenues from the Use of Money and Property	Miscellaneous	Grants and Contributions Not Restricted to Specific Programs		
2013	\$ 1,229,909	\$ 56,912	\$ 522,625	\$ 202,285	\$ 224,784	\$ 18,224	\$ 25,976	\$ 98,452	\$ 2,379,167	
2014	1,409,059	71,078	43,315	174,155	252,320	18,978	24,063	97,535	2,090,503	
2015	1,243,705	53,288	148,741	168,810	249,844	16,088	32,555	97,534	2,010,565	
2016	1,252,486	93,940	125,767	172,348	257,120	7,742	43,695	95,570	2,048,668	
2017	1,318,664	73,718	618,457	173,715	279,012	8,172	58,827	96,182	2,626,747	
2018	1,325,063	53,652	122,956	180,120	274,066	9,688	40,895	93,724	2,100,164	
2019	1,391,540	55,264	-	185,918	291,196	16,223	104,863	90,133	2,135,137	
2020	1,464,885	60,344	71,425	195,429	303,607	23,932	92,494	88,834	2,300,950	
2021	1,488,416	85,621	23,554	197,421	324,168	8,736	52,734	83,856	2,264,506	
2022	1,560,920	204,759	-	204,323	356,046	11,221	71,485	82,596	2,491,350	

Table 3

**Town of Victoria, Virginia**  
**General Governmental Expenditures by Function (1)**  
**Last Ten Fiscal Years**

Fiscal Year	General Government Administration	Public Safety	Public Works	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2013	\$ 165,283	\$ 285,985	\$ 195,078	\$ 12,580	\$ 28,983	\$ 46,142	\$ 128,555	\$ 862,606
2014	83,462	335,307	113,204	37,469	29,370	46,876	28,530	674,218
2015	80,949	335,152	136,768	89,500	94	47,261	17,761	707,485
2016	100,989	423,320	115,322	54,852	208	45,235	18,066	757,992
2017	92,022	408,041	153,431	65,851	494	33,006	46,295	799,140
2018	103,150	353,344	135,007	41,666	119	34,371	13,312	680,969
2019	117,550	377,333	127,691	67,607	1,556	38,483	13,306	743,526
2020	109,472	414,777	162,983	25,644	1,496	49,153	17,938	781,463
2021	118,073	330,269	134,234	24,042	78,215	75,265	17,921	778,019
2022	114,861	407,582	134,036	55,185	658	48,843	22,713	783,878

(1) Includes General, Capital Projects, Special Revenue, and Permanent funds of the Primary Government.  
Does not include capital projects expenditures.



Table 4

**Town of Victoria, Virginia**  
**General Governmental Revenues by Source (1)**  
**Last Ten Fiscal Years**

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental	Total
2013	\$ 176,627	\$ 224,784	\$ 900	\$ 9,896	\$ 12,203	\$ 98,512	\$ 13,027	\$ 18,994	\$ 673,382	\$ 1,228,325
2014	172,222	252,320	1,575	11,343	9,219	101,060	23,975	26,112	211,928	809,754
2015	166,046	249,844	975	22,178	7,769	109,420	25,338	21,802	160,831	764,203
2016	171,014	257,120	1,796	16,522	3,973	111,066	40,110	20,281	241,728	863,610
2017	195,630	279,012	1,434	17,670	4,918	124,616	41,576	18,544	714,710	1,398,110
2018	170,874	274,066	1,657	9,842	6,015	119,902	15,818	17,467	167,710	783,351
2019	189,651	291,196	525	10,847	9,261	123,351	34,560	19,005	145,397	823,793
2020	199,497	303,607	1,864	6,683	15,206	107,007	43,485	22,097	150,603	850,049
2021	197,629	324,168	6,550	3,152	5,069	111,029	44,954	94,414	170,502	957,467
2022	199,015	356,046	6,175	1,122	7,751	133,511	33,851	33,897	194,161	965,529

(1) Includes General, Special Revenue, and Permanent funds of the Primary Government. Excludes Capital Projects fund.

Table 5

**Town of Victoria, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1)	Percent of Delinquent Taxes to Tax Levy
2013	\$ 211,526	\$ 202,418	95.69%	\$ 11,865	\$ 214,283	101.30%	\$ 35,403	16.74%
2014	212,905	201,568	94.68%	9,137	210,705	98.97%	31,960	15.01%
2015	213,377	202,463	94.89%	2,605	205,068	96.11%	33,285	15.60%
2016	210,930	201,024	95.30%	7,363	208,387	98.79%	33,286	15.78%
2017	216,178	206,855	95.69%	19,530	226,385	104.72%	11,738	5.43%
2018	222,361	204,397	91.92%	2,180	206,577	92.90%	21,182	9.53%
2019	225,504	213,748	94.79%	8,806	222,554	98.69%	17,586	7.80%
2020	225,983	218,624	96.74%	8,906	227,530	100.68%	13,518	5.98%
2021	225,254	220,796	98.02%	8,088	228,884	101.61%	13,310	5.91%
2022	239,997	225,026	93.76%	7,819	232,845	97.02%	18,618	7.76%

(1) Exclusive of penalties and interest, includes PPTRA.

(2) Does not include land redemptions.

Table 6

**Town of Victoria, Virginia**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**

Fiscal Year	Real Estate (1)	Personal Property (3)	Machinery and Tools	Mobile Homes	Public Utility (2)		Total
					Real Estate	Personal Property	
2013	\$ 65,796,000	\$ 8,248,173	\$ 243,308	\$ 229,500	\$ 2,644,492	\$ -	\$ 77,161,473
2014	65,798,100	8,479,084	294,433	256,000	2,883,731	-	77,711,348
2015	66,166,000	8,881,271	306,451	261,700	2,906,836	-	78,522,258
2016	65,018,402	8,750,873	285,716	261,700	3,069,252	-	77,385,943
2017	66,991,900	9,079,460	276,860	265,000	3,038,122	-	79,651,342
2018	67,162,900	9,493,282	289,746	269,200	3,208,939	-	80,424,067
2019	70,263,600	9,254,814	286,320	240,200	3,196,038	-	83,240,972
2020	69,910,700	9,458,905	221,617	266,000	2,947,430	-	82,804,652
2021	70,420,600	9,286,973	202,004	266,900	3,049,412	-	83,225,889
2022	70,763,000	10,747,869	254,781	242,400	2,899,398	-	84,907,448

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

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

(3) Personal property is assessed at 100% of fair market value.

Table 7

**Town of Victoria, Virginia  
Property Tax Rates (1)  
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Mobile Homes	Public Utility	
					Real Estate	Personal Property
2013	\$ 0.18	\$ 0.98	\$ 0.75	\$ 0.18	\$ 0.18	\$ 0.98
2014	0.18	0.98	0.75	0.18	0.18	0.98
2015	0.18	0.98	0.75	0.18	0.18	0.98
2016	0.18	0.98	0.75	0.18	0.18	0.98
2017	0.18	0.98	0.75	0.18	0.18	0.98
2018	0.18	0.98	0.75	0.18	0.18	0.98
2019	0.18	0.98	0.75	0.18	0.18	0.98
2020	0.18	0.98	0.75	0.18	0.18	0.98
2021	0.18	0.98	0.75	0.18	0.18	0.98
2022	0.18	0.98	0.75	0.18	0.18	0.98

(1) Per \$100 of assessed value.

Table 8

**Town of Victoria, Virginia**  
**Ratio of Net General Bonded Debt to**  
**Assessed Value and Net Bonded Debt Per Capita**  
**Last Ten Fiscal Years**

Fiscal Year	Population (1)	Assessed Value (2)	Gross & Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2013	1,725	\$ 77,161,473	\$ 1,313,891	1.70%	\$ 762
2014	1,725	77,711,348	2,477,093	3.19%	1,436
2015	1,725	78,522,258	2,797,580	3.56%	1,622
2016	1,725	77,385,943	2,675,073	3.46%	1,551
2017	1,725	79,651,342	2,547,622	3.20%	1,477
2018	1,725	80,424,067	2,417,309	3.01%	1,401
2019	1,725	83,240,972	2,284,110	2.74%	1,324
2020	1,725	82,804,652	2,147,501	2.59%	1,245
2021	1,725	83,225,889	2,008,013	2.41%	1,164
2022	1,742	84,907,448	1,864,947	2.20%	1,071

(1) Weldon Cooper Center for Public Service at the University of Virginia.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt.

Excludes revenue bonds, notes payable, capital leases, and compensated absences.

Table 9

**Town of Victoria, Virginia  
Computation of Legal Debt Margin  
For the Year Ended June 30, 2022**

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Total assessed value of real property (1)	\$ 73,662,398
	<u>73,662,398</u>
Debt limit - 10% of total assessed value	\$ 7,366,240
	<u>7,366,240</u>
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 1,864,947
Less: Water and sewer revenue bonds	<u>-</u>
Total amount of debt applicable to debt limit	\$ 1,864,947
	<u>1,864,947</u>
Legal debt margin	<u>\$ 5,501,293</u>

(1) Includes public utility real property.

(2) Includes bonded debt.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Victoria, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Victoria, Virginia's basic financial statements, and have issued our report thereon dated March 8, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

## Report on Compliance and Other Matters

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

### Town of Victoria, Virginia’s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on Town of Victoria, Virginia’s response to the finding identified in our audit and described in the accompany schedule of findings and responses. Town of Victoria, Virginia’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Fennel, Cox Associates*

Richmond, Virginia  
March 8, 2023



**Town of Victoria, Virginia**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2022**

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**Section I-Summary of Auditors' Results**

**Financial Statements**

Type of auditor's report issued:		<u>unmodified</u>		
Internal control over financial reporting:				
Material weakness(es) identified?	<u>✓</u>	yes	<u>        </u>	no
Significant deficiency(ies) identified?	<u>        </u>	yes	<u>        </u>	none reported
Noncompliance material to financial statements noted?	<u>        </u>	yes	<u>        </u>	no

**Section II-Financial Statement Findings**

2022-001

**Financial Reporting**

- Criteria:** Identification of adjustments to the financial statements that was not detected by the entity's internal controls indicates that a material weakness exists. Internal controls should be in place that provide assurance that audited financial statements reconcile to the Town's internal documents.
- Condition:** The financial statements did not contain all necessary adjustments to reconcile to the Town's internal documents to comply with generally accepted accounting principles (GAAP).
- Effect:** There is a reasonable possibility that a misstatement of the Town's financial statements or disclosures that is more than inconsequential will not be prevented or detected by the Town's internal controls over financial reporting.
- Cause:** Procedures have not been fully implemented to provide the necessary internal controls over financial reporting.
- Recommendation:** Procedures should be implemented providing for the posting of all year-end adjusting entries to allow for reconciliation between the audited financial statements and the Town's general ledger reports. In order to take the next step in addressing this issue, the Town should consider employing a governmental accounting consultant, that is independent of the Town's Auditor, to assist with the preparation of year end working trial balances.
- Management's Response:** The Town is considering corrective action for FY2022.

**Section III-Status of Prior Audit Findings**

Finding 2021-001 was recurring in fiscal year 2022 as 2022-001.