

TOWN OF VICTORIA, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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Independent Auditors' Report

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

Report on the Financial Statements

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 Town of Victoria, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-9, 53, 54-57, and 58-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2022, on our consideration of the 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.

A handwritten signature in black ink, appearing to read "D. Frick", followed by a horizontal line extending to the right.

Richmond, Virginia
February 17, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. 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 \$7,266,134 (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 \$248,948 (Exhibit 5).

- < As of the close of the current fiscal year, the Town's funds reported an ending fund balance of \$1,111,684, an increase of \$248,948 in comparison with the prior year.
- < The combined long-term obligations decreased \$87,333 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)

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 \$7,266,134 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$1,980,741	\$ 910,216	\$ 547,350	\$ 574,323	\$ 2,528,091	\$ 1,484,539
Capital assets	1,866,546	2,065,906	5,907,252	6,173,465	7,773,798	8,239,371
Total assets	\$3,847,287	\$2,976,122	\$ 6,454,602	\$ 6,747,788	\$ 10,301,889	\$ 9,723,910
Deferred outflows of resources	\$ 58,650	\$ 45,125	\$ 61,842	\$ 47,695	\$ 120,492	\$ 92,820
Current liabilities	\$ 852,472	\$ 28,588	\$ 60,892	\$ 76,242	\$ 913,364	\$ 104,830
Long-term liabilities outstanding	124,364	84,214	2,109,133	2,220,971	2,233,497	2,305,185
Total liabilities	\$ 976,836	\$ 112,802	\$ 2,170,025	\$ 2,297,213	\$ 3,146,861	\$ 2,410,015
Deferred inflows of resources	\$ 6,082	\$ 24,809	\$ 3,304	\$ 22,851	\$ 9,386	\$ 47,660
Net position:						
Net investment in capital assets	\$1,830,925	\$2,013,610	\$ 3,884,254	\$ 4,010,432	\$ 5,715,179	\$ 6,024,042
Restricted:						
Pension benefits	-	17,851	-	18,213	-	36,064
Unrestricted	1,092,094	852,175	458,861	446,774	1,550,955	1,298,949
Total net position	\$2,923,019	\$2,883,636	\$ 4,343,115	\$ 4,475,419	\$ 7,266,134	\$ 7,359,055

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Government-wide Financial Analysis (Continued)

During the current fiscal year, the Town's net position decreased by \$92,921. 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	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 120,731	\$ 115,554	\$ 1,367,685	\$ 1,349,331	\$ 1,488,416	\$ 1,464,885
Operating grants and contributions	85,621	60,344	-	-	85,621	60,344
Capital grants and contributions	1,025	71,425	22,529	-	23,554	71,425
General revenues:						
General property taxes	197,421	195,429	-	-	197,421	195,429
Other local taxes	324,168	303,607	-	-	324,168	303,607
Grants and other contributions not restricted	83,856	88,834	-	-	83,856	88,834
Other general revenues	50,023	58,691	11,447	57,735	61,470	116,426
Total revenues	<u>\$ 862,845</u>	<u>\$ 893,884</u>	<u>\$ 1,401,661</u>	<u>\$ 1,407,066</u>	<u>\$ 2,264,506</u>	<u>\$ 2,300,950</u>
Expenses:						
General government administration	\$ 13,260	\$ 141,625	\$ -	\$ -	\$ 13,260	\$ 141,625
Public safety	365,300	410,786	-	-	365,300	410,786
Public works	293,984	229,504	1,533,965	1,555,403	1,827,949	1,784,907
Parks, recreation, and cultural	71,457	73,059	-	-	71,457	73,059
Community development	78,215	1,496	-	-	78,215	1,496
Interest and other fiscal charges	1,246	1,678	-	-	1,246	1,678
Total expenses	<u>\$ 823,462</u>	<u>\$ 858,148</u>	<u>\$ 1,533,965</u>	<u>\$ 1,555,403</u>	<u>\$ 2,357,427</u>	<u>\$ 2,413,551</u>
Change in net position	\$ 39,383	\$ 35,736	\$ (132,304)	\$ (148,337)	\$ (92,921)	\$ (112,601)
Beginning of year	<u>2,883,636</u>	<u>2,847,900</u>	<u>4,475,419</u>	<u>4,623,756</u>	<u>7,359,055</u>	<u>7,471,656</u>
End of year	<u>\$ 2,923,019</u>	<u>\$ 2,883,636</u>	<u>\$ 4,343,115</u>	<u>\$ 4,475,419</u>	<u>\$ 7,266,134</u>	<u>\$ 7,359,055</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

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 \$1,111,684 an increase of \$248,948 in comparison with the prior year. Approximately 73% 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 \$458,861. Total net position decreased \$132,304.

General Fund Budgetary Highlights

During the year, budgetary estimates were less than revenues and other financing sources by \$277,316. Expenditures and other uses were more than budgetary estimates by \$29,263, resulting in a positive variance of \$248,053.

Capital Asset and Debt Administration

Capital assets - The Town's investment in capital assets for its governmental operations as of June 30, 2021 amounted to \$1,866,546 and \$5,907,252 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 \$2,058,619. Of this amount, \$2,008,013 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 \$156,710

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare to national indices.

All of these factors were considered in preparing the Town's budget for the 2022 fiscal year.

None of the property tax rates changed for FY22.

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, 2021

	Primary Government			Component Unit IDA
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 1,917,450	\$ 438,260	\$ 2,355,710	\$ 197,954
Receivables:				
Taxes receivable	16,709	-	16,709	-
Accounts receivable	26,582	109,090	135,672	-
Notes receivable	-	-	-	117,000
Property held for resale	-	-	-	402,800
Due from other governmental units	20,000	-	20,000	-
Capital assets (net of accumulated depreciation):				
Land	269,489	60,726	330,215	-
Buildings and system	245,792	5,673,212	5,919,004	-
Machinery and equipment	116,185	173,314	289,499	-
Infrastructure	1,235,080	-	1,235,080	-
Total assets	<u>\$ 3,847,287</u>	<u>\$ 6,454,602</u>	<u>\$ 10,301,889</u>	<u>\$ 717,754</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension related items	\$ 54,961	\$ 56,069	\$ 111,030	\$ -
OPEB related items	3,689	5,773	9,462	-
Total deferred outflows of resources	<u>\$ 58,650</u>	<u>\$ 61,842</u>	<u>\$ 120,492</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 5,273	\$ 22,260	\$ 27,533	\$ -
Accrued liabilities	3,698	1,058	4,756	-
Unearned revenue	843,501	-	843,501	-
Customers' deposits	-	37,574	37,574	-
Non-refundable deposit on property sale	-	-	-	30,000
Long-term liabilities:				
Due within one year	21,609	146,983	168,592	-
Due in more than one year	102,755	1,962,150	2,064,905	-
Total liabilities	<u>\$ 976,836</u>	<u>\$ 2,170,025</u>	<u>\$ 3,146,861</u>	<u>\$ 30,000</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue - property taxes	\$ 3,275	\$ -	\$ 3,275	\$ -
Pension related items	2,000	2,042	4,042	-
OPEB related items	807	1,262	2,069	-
Total deferred inflows of resources	<u>\$ 6,082</u>	<u>\$ 3,304</u>	<u>\$ 9,386</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 1,830,925	\$ 3,884,254	\$ 5,715,179	\$ -
Unrestricted	1,092,094	458,861	1,550,955	687,754
Total net position	<u>\$ 2,923,019</u>	<u>\$ 4,343,115</u>	<u>\$ 7,266,134</u>	<u>\$ 687,754</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, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:							
Governmental activities:							
General government administration	\$ 13,260	\$ 112	\$ -	\$ 1,025	\$ (12,123)	\$ -	\$ (12,123)
Public safety	365,300	9,702	85,621	-	(269,977)	-	(269,977)
Public works	293,984	102,546	-	-	(191,438)	-	(191,438)
Parks, recreation, and cultural	71,457	-	-	-	(71,457)	-	(71,457)
Community development	78,215	8,371	-	-	(69,844)	-	(69,844)
Interest on long-term obligations	1,246	-	-	-	(1,246)	-	(1,246)
Total governmental activities	\$ 823,462	\$ 120,731	\$ 85,621	\$ 1,025	\$ (616,085)	\$ -	\$ (616,085)
Business-type activities:							
Oakwood Cemetery	\$ 205	\$ -	\$ -	\$ -	\$ (205)	\$ (205)	\$ (205)
Lakeview Cemetery	2,681	750	-	-	(1,931)	(1,931)	(1,931)
Sewer	699,609	661,253	-	22,529	(15,827)	(15,827)	(15,827)
Water	831,470	705,682	-	-	(125,788)	(125,788)	(125,788)
Total business-type activities	\$ 1,533,965	\$ 1,367,685	\$ -	\$ 22,529	\$ (143,751)	\$ (143,751)	\$ (143,751)
Total primary government	\$ 2,357,427	\$ 1,488,416	\$ 85,621	\$ 23,554	\$ (616,085)	\$ (143,751)	\$ (759,836)
COMPONENT UNIT:							
IDA	\$ 4,729	\$ 40,000	\$ -	\$ 70,000	\$ -	\$ -	\$ 105,271
Total component unit	\$ 4,729	\$ 40,000	\$ -	\$ 70,000	\$ -	\$ -	\$ 105,271
General revenues:							
General property taxes	\$ 197,421	\$ -	\$ -	\$ -	\$ 197,421	\$ -	\$ -
Other local taxes:							
Local sales and use taxes	49,525	-	-	-	49,525	-	-
Consumers' utility taxes	36,659	-	-	-	36,659	-	-
Motor vehicle licenses	32,565	-	-	-	32,565	-	-
Bank stock taxes	44,639	-	-	-	44,639	-	-
Meals taxes	117,583	-	-	-	117,583	-	-
Business license taxes	37,825	-	-	-	37,825	-	-
Other local taxes	5,372	-	-	-	5,372	-	-
Unrestricted revenues from use of money and property	5,069	-	-	3,667	8,736	284	284
Miscellaneous	44,954	-	-	7,780	52,734	500	500
Grants and contributions not restricted to specific programs	83,856	-	-	-	83,856	-	-
Total general revenues	\$ 655,468	\$ 11,447	\$ 11,447	\$ 666,915	\$ 784	\$ 784	\$ 784
Change in net position	\$ 39,383	\$ (132,304)	\$ (92,921)	\$ 106,055	\$ 106,055	\$ 106,055	\$ 106,055
Net position - beginning	2,883,636	4,475,419	7,359,055	581,699	581,699	581,699	581,699
Net position - ending	\$ 2,923,019	\$ 4,343,115	\$ 7,266,134	\$ 687,754	\$ 687,754	\$ 687,754	\$ 687,754

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

Town of Victoria, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,761,051	\$ 157,044	\$ 1,918,095
Receivables:			
Taxes receivable	16,709	-	16,709
Accounts receivable	26,582	-	26,582
Due from other governmental units	20,000	-	20,000
Total assets	<u>\$ 1,824,342</u>	<u>\$ 157,044</u>	<u>\$ 1,981,386</u>
LIABILITIES			
Reconciled overdraft	\$ -	\$ 645	\$ 645
Accounts payable	5,273	-	5,273
Accrued liabilities	3,698	-	3,698
Unearned revenue	843,501	-	843,501
Total liabilities	<u>\$ 852,472</u>	<u>\$ 645</u>	<u>\$ 853,117</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 16,585	\$ -	\$ 16,585
FUND BALANCES			
Nonspendable	\$ -	\$ 157,044	\$ 157,044
Committed	147,796	-	147,796
Unassigned	807,489	(645)	806,844
Total fund balances	<u>\$ 955,285</u>	<u>\$ 156,399</u>	<u>\$ 1,111,684</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,824,342</u>	<u>\$ 157,044</u>	<u>\$ 1,981,386</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 1,111,684	
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>(1,807,808)</u>	1,866,546
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue			13,310
Deferred outflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the funds.			
Pension related items		\$ 54,961	
OPEB related items		<u>3,689</u>	58,650
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		\$ (26,160)	
Note payable		(9,461)	
Net pension liability		(27,098)	
Net OPEB liability		(17,117)	
Compensated absences		<u>(44,528)</u>	(124,364)
Deferred inflows of resources are not due and payable in the current-period, and therefore, are not reported in the funds.			
Pension related items		\$ (2,000)	
OPEB related items		<u>(807)</u>	(2,807)
Net position of governmental activities			<u><u>\$ 2,923,019</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, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES			
General property taxes	\$ 197,629	\$ -	\$ 197,629
Other local taxes	324,168	-	324,168
Permits, privilege fees, and regulatory licenses	6,550	-	6,550
Fines and forfeitures	3,152	-	3,152
Revenue from the use of money and property	4,293	776	5,069
Charges for services	110,917	112	111,029
Miscellaneous	44,861	93	44,954
Recovered costs	94,414	-	94,414
Intergovernmental:			
Commonwealth	148,577	-	148,577
Federal	21,925	-	21,925
Total revenues	<u>\$ 956,486</u>	<u>\$ 981</u>	<u>\$ 957,467</u>
EXPENDITURES			
Current:			
General government administration	\$ 118,073	\$ -	\$ 118,073
Public safety	330,269	-	330,269
Public works	134,148	86	134,234
Parks, recreation, and cultural	24,042	-	24,042
Community development	78,215	-	78,215
Nondepartmental	75,265	-	75,265
Debt service:			
Principal retirement	16,675	-	16,675
Interest and other fiscal charges	1,246	-	1,246
Total expenditures	<u>\$ 777,933</u>	<u>\$ 86</u>	<u>\$ 778,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 178,553</u>	<u>\$ 895</u>	<u>\$ 179,448</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	\$ 69,500	\$ -	\$ 69,500
Total other financing sources (uses)	<u>\$ 69,500</u>	<u>\$ -</u>	<u>\$ 69,500</u>
Net change in fund balances	\$ 248,053	\$ 895	\$ 248,948
Fund balances - beginning	707,232	155,504	862,736
Fund balances - ending	<u>\$ 955,285</u>	<u>\$ 156,399</u>	<u>\$ 1,111,684</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, 2021

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

Net change in fund balances - total governmental funds \$ 248,948

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.

Capital asset additions	\$ 27,314	
Depreciation expense	<u>(156,674)</u>	(129,360)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.

Sale of capital assets	\$ (69,500)	
Loss on sale of asset	<u>(500)</u>	(70,000)

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

Property taxes		(208)
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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.

Principal payments on note payable	\$ 4,075	
Principal payments on general obligation bond	<u>12,600</u>	16,675

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:

OPEB expense	\$ 448	
Pension expense	(13,591)	
Change in compensated absences	<u>(13,529)</u>	(26,672)

Change in net position of governmental activities		<u>\$ 39,383</u>
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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, 2021

	Enterprise Funds					Total
	Oakwood Cemetery Fund	Lakeview Cemetery Fund	Sewer Fund	Water Fund	Water and Sewer Escrow Fund	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 6,046	\$ 148,707	\$ 49,538	\$ 199,713	\$ 34,256	\$ 438,260
Accounts receivable	-	-	49,315	59,775	-	109,090
Total current assets	<u>\$ 6,046</u>	<u>\$ 148,707</u>	<u>\$ 98,853</u>	<u>\$ 259,488</u>	<u>\$ 34,256</u>	<u>\$ 547,350</u>
Noncurrent assets:						
Capital assets (net of accumulated depreciation):						
Land	-	-	10,000	-	50,726	60,726
Buildings and system	-	-	2,296,881	3,376,331	-	5,673,212
Machinery and equipment	-	-	125,161	48,153	-	173,314
Total capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,432,042</u>	<u>\$ 3,424,484</u>	<u>\$ 50,726</u>	<u>\$ 5,907,252</u>
Total noncurrent assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,432,042</u>	<u>\$ 3,424,484</u>	<u>\$ 50,726</u>	<u>\$ 5,907,252</u>
Total assets	<u>\$ 6,046</u>	<u>\$ 148,707</u>	<u>\$ 2,530,895</u>	<u>\$ 3,683,972</u>	<u>\$ 84,982</u>	<u>\$ 6,454,602</u>
DEFERRED OUTFLOWS OF RESOURCES						
Pension related items	\$ -	\$ -	\$ 21,561	\$ 34,508	\$ -	\$ 56,069
OPEB related items	-	-	2,517	3,256	-	5,773
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,078</u>	<u>\$ 37,764</u>	<u>\$ -</u>	<u>\$ 61,842</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ -	\$ -	\$ 13,527	\$ 8,733	\$ -	\$ 22,260
Accrued liabilities	-	-	498	560	-	1,058
Customers' deposits	-	-	-	37,574	-	37,574
Compensated absences - current portion	-	-	838	2,334	-	3,172
Notes payable - current portion	-	-	9,505	4,256	-	13,761
Bonds payable - current portion	-	-	60,200	69,850	-	130,050
Total current liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,568</u>	<u>\$ 123,307</u>	<u>\$ -</u>	<u>\$ 207,875</u>
Noncurrent liabilities:						
Notes payable - net of current portion	\$ -	\$ -	\$ 22,179	\$ 5,205	\$ -	\$ 27,384
Bonds payable - net of current portion	-	-	61,880	1,789,923	-	1,851,803
Net pension liability	-	-	10,631	17,015	-	27,646
Net OPEB liability	-	-	11,851	14,923	-	26,774
Compensated absences - net of current portion	-	-	7,544	20,999	-	28,543
Total noncurrent liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,085</u>	<u>\$ 1,848,065</u>	<u>\$ -</u>	<u>\$ 1,962,150</u>
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,653</u>	<u>\$ 1,971,372</u>	<u>\$ -</u>	<u>\$ 2,170,025</u>
DEFERRED INFLOWS OF RESOURCES						
Pension related items	\$ -	\$ -	\$ 785	\$ 1,257	\$ -	\$ 2,042
OPEB related items	-	-	559	703	-	1,262
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,344</u>	<u>\$ 1,960</u>	<u>\$ -</u>	<u>\$ 3,304</u>
NET POSITION						
Net investment in capital assets	\$ -	\$ -	\$ 2,278,278	\$ 1,555,250	\$ 50,726	\$ 3,884,254
Unrestricted	6,046	148,707	76,698	193,154	34,256	458,861
Total net position	<u>\$ 6,046</u>	<u>\$ 148,707</u>	<u>\$ 2,354,976</u>	<u>\$ 1,748,404</u>	<u>\$ 84,982</u>	<u>\$ 4,343,115</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, 2021

	Enterprise Funds					<u>Total</u>
	<u>Oakwood Cemetery Fund</u>	<u>Lakeview Cemetery Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Water and Sewer Escrow Fund</u>	
OPERATING REVENUES						
Charges for services:						
Water revenues	\$ -	\$ -	\$ -	\$ 695,922	\$ -	\$ 695,922
Sewer revenues	-	-	645,520	-	-	645,520
Sale of cemetery plots	-	750	-	-	-	750
Other charges for services	-	-	15,733	9,760	-	25,493
Miscellaneous	-	-	237	7,543	-	7,780
Total operating revenues	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 661,490</u>	<u>\$ 713,225</u>	<u>\$ -</u>	<u>\$ 1,375,465</u>
OPERATING EXPENSES						
Personnel services	\$ -	\$ -	\$ 166,758	\$ 199,016	\$ -	\$ 365,774
Fringe benefits	-	-	61,963	77,035	-	138,998
Insurance	-	-	16,131	16,131	-	32,262
Supplies and other charges	-	-	267,639	357,727	-	625,366
Other miscellaneous expenses	205	2,681	-	-	-	2,886
Depreciation	-	-	181,964	129,285	-	311,249
Total operating expenses	<u>\$ 205</u>	<u>\$ 2,681</u>	<u>\$ 694,455</u>	<u>\$ 779,194</u>	<u>\$ -</u>	<u>\$ 1,476,535</u>
Operating income (loss)	<u>\$ (205)</u>	<u>\$ (1,931)</u>	<u>\$ (32,965)</u>	<u>\$ (65,969)</u>	<u>\$ -</u>	<u>\$ (101,070)</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	\$ 262	\$ 2,933	\$ 105	\$ 367	\$ -	\$ 3,667
Generator grant	-	-	22,529	-	-	22,529
Interest expense	-	-	(5,154)	(52,276)	-	(57,430)
Total nonoperating revenues (expenses)	<u>\$ 262</u>	<u>\$ 2,933</u>	<u>\$ 17,480</u>	<u>\$ (51,909)</u>	<u>\$ -</u>	<u>\$ (31,234)</u>
Change in net position	<u>\$ 57</u>	<u>\$ 1,002</u>	<u>\$ (15,485)</u>	<u>\$ (117,878)</u>	<u>\$ -</u>	<u>\$ (132,304)</u>
Total net position - beginning	5,989	147,705	2,370,461	1,866,282	84,982	4,475,419
Total net position - ending	<u>\$ 6,046</u>	<u>\$ 148,707</u>	<u>\$ 2,354,976</u>	<u>\$ 1,748,404</u>	<u>\$ 84,982</u>	<u>\$ 4,343,115</u>

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, 2021

	Enterprise Funds					Total
	Oakwood Cemetery Fund	Lakeview Cemetery Fund	Sewer Fund	Water Fund	Water and Sewer Escrow Fund	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ -	\$ 750	\$ 655,980	\$ 705,252	\$ -	\$ 1,361,982
Payments to suppliers	-	-	(292,130)	(381,209)	-	(673,339)
Payments to and for employees	-	-	(225,829)	(265,866)	-	(491,695)
Other receipts (payments)	(205)	(2,681)	237	7,543	-	4,894
Net cash provided by (used for) operating activities	\$ (205)	\$ (1,931)	\$ 138,258	\$ 65,720	\$ -	\$ 201,842
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Additions to capital assets	\$ -	\$ -	\$ (77,763)	\$ 32,727	\$ -	\$ (45,036)
Principal payments on bonds and notes	-	-	(67,872)	(72,163)	-	(140,035)
Generator grant	-	-	22,529	-	-	22,529
Interest expense	-	-	(5,154)	(52,276)	-	(57,430)
Net cash provided by (used for) capital and related financing activities	\$ -	\$ -	\$ (128,260)	\$ (91,712)	\$ -	\$ (219,972)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividend income	\$ 262	\$ 2,933	\$ 105	\$ 367	\$ -	\$ 3,667
Net cash provided by (used for) investing activities	\$ 262	\$ 2,933	\$ 105	\$ 367	\$ -	\$ 3,667
Net increase (decrease) in cash and cash equivalents	\$ 57	\$ 1,002	\$ 10,103	\$ (25,625)	\$ -	\$ (14,463)
Cash and cash equivalents - beginning	5,989	147,705	39,435	225,338	34,256	452,723
Cash and cash equivalents - ending	\$ 6,046	\$ 148,707	\$ 49,538	\$ 199,713	\$ 34,256	\$ 438,260
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (205)	\$ (1,931)	\$ (32,965)	\$ (65,969)	\$ -	\$ (101,070)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	\$ -	\$ -	\$ 181,964	\$ 129,285	\$ -	\$ 311,249
(Increase) decrease in accounts receivable	-	-	(5,273)	(430)	-	(5,703)
(Increase) decrease in net pension asset	-	-	17,635	28,224	-	45,859
(Increase) decrease in deferred outflows of resources	-	-	(5,488)	(8,659)	-	(14,147)
Increase (decrease) in accounts payable and accrued liabilities	-	-	(8,360)	(6,990)	-	(15,350)
Increase (decrease) in net OPEB liability	-	-	384	483	-	867
Increase (decrease) in compensated absences	-	-	(2,067)	1,751	-	(316)
Increase (decrease) in deferred inflows of resources	-	-	(7,572)	(11,975)	-	(19,547)
Total adjustments	\$ -	\$ -	\$ 171,223	\$ 131,689	\$ -	\$ 302,912
Net cash provided by (used for) operating activities	\$ (205)	\$ (1,931)	\$ 138,258	\$ 65,720	\$ -	\$ 201,842

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, 2021

Note 1—Summary of Significant Accounting Policies:

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)

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 combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit - The Town has no blended component units at June 30, 2021.

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 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 timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, 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 as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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.

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

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

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.

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.

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

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, 2021.

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.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was incurred during fiscal year 2021.

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

G. Capital Assets (Continued)

Property, plant, equipment, 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 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.
- 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.

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

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.

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 not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts 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;

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

O. Fund Balance (Continued)

- 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 general 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 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).

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

	<u>General</u>	<u>Other Governmental</u>	<u>Total</u>
Fund balances:			
Nonspendable:			
Cemetery perpetual care	\$ -	\$ 157,044	\$ 157,044
Committed:			
Library	\$ 8,887	\$ -	\$ 8,887
Future equipment	1,097	-	1,097
VHS	12,815	-	12,815
Blight property	17,311	-	17,311
Pool	7,433	-	7,433
Caboose	8,161	-	8,161
Parks and recreation	77,268	-	77,268
Community center	12,353	-	12,353
Drug seizure	1,926	-	1,926
Trails	545	-	545
Total committed	<u>\$ 147,796</u>	<u>\$ -</u>	<u>\$ 147,796</u>
Unassigned	<u>\$ 807,489</u>	<u>\$ (645)</u>	<u>\$ 806,844</u>
Total fund balances	<u>\$ 955,285</u>	<u>\$ 156,399</u>	<u>\$ 1,111,684</u>

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

P. Deferred Outflow/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two 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 the measurement of the net pension asset/liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Note 2—Stewardship, Compliance, and Accounting:

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.

Expenditures and Appropriations

Expenditures exceeded appropriations in the General and Lakeview Cemetery Funds for the year ended June 30, 2021.

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 3—Deposits and Investments:

Deposits

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

Investments

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

The Town has no investments at June 30, 2021.

Note 4—Due from Other Governments:

At June 30, 2021, the Town has receivables from other governments as follows:

	<u>Primary Government</u>
<u>County of Lunenburg:</u>	
Local sales tax	\$ 8,507
<u>Commonwealth of Virginia:</u>	
Department of motor vehicles	5,605
Communications tax	<u>5,888</u>
Total	<u>\$ 20,000</u>

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 5—Capital Assets:

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

Primary Government:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 339,489	\$ -	\$ 70,000	\$ 269,489
Total capital assets not subject to depreciation	<u>\$ 339,489</u>	<u>\$ -</u>	<u>\$ 70,000</u>	<u>\$ 269,489</u>
Capital assets subject to depreciation:				
Buildings and system	\$ 848,881	\$ -	\$ -	\$ 848,881
Machinery and equipment	492,080	27,314	-	519,394
Infrastructure	2,036,590	-	-	2,036,590
Total capital assets subject to depreciation	<u>\$ 3,377,551</u>	<u>\$ 27,314</u>	<u>\$ -</u>	<u>\$ 3,404,865</u>
Accumulated depreciation:				
Buildings and system	\$ 580,018	\$ 23,071	\$ -	\$ 603,089
Machinery and equipment	371,436	31,773	-	403,209
Infrastructure	699,680	101,830	-	801,510
Total accumulated depreciation	<u>\$ 1,651,134</u>	<u>\$ 156,674</u>	<u>\$ -</u>	<u>\$ 1,807,808</u>
Total capital assets subject to depreciation, net	<u>\$ 1,726,417</u>	<u>\$ (129,360)</u>	<u>\$ -</u>	<u>\$ 1,597,057</u>
Governmental activities capital assets, net	<u>\$ 2,065,906</u>	<u>\$ (129,360)</u>	<u>\$ 70,000</u>	<u>\$ 1,866,546</u>

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Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 5—Capital Assets: (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
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	\$ 10,164,100	\$ 45,036	\$ -	\$ 10,209,136
Machinery and equipment	527,133	-	-	527,133
Total capital assets subject to depreciation	<u>\$ 10,691,233</u>	<u>\$ 45,036</u>	<u>\$ -</u>	<u>\$ 10,736,269</u>
Accumulated depreciation:				
Buildings and system	\$ 4,271,489	\$ 264,435	\$ -	\$ 4,535,924
Machinery and equipment	307,005	46,814	-	353,819
Total accumulated depreciation	<u>\$ 4,578,494</u>	<u>\$ 311,249</u>	<u>\$ -</u>	<u>\$ 4,889,743</u>
Total capital assets subject to depreciation, net	<u>\$ 6,112,739</u>	<u>\$ (266,213)</u>	<u>\$ -</u>	<u>\$ 5,846,526</u>
Business-type activities capital assets, net	<u>\$ 6,173,465</u>	<u>\$ (266,213)</u>	<u>\$ -</u>	<u>\$ 5,907,252</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 1,942
Public safety	23,776
Public works	83,541
Parks, recreation, and culture	47,415
Total depreciation expense-governmental activities	<u>\$ 156,674</u>
Business-type activities:	
Water and Sewer	\$ 311,249
Total depreciation expense-business-type activities	<u>\$ 311,249</u>

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 6—Long-Term Obligations:

The following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2021:

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021	Amounts Due Within One Year
Primary Government Obligations:					
Governmental Activities:					
Direct borrowings and placements:					
General obligation bond	\$ 38,760	\$ -	\$ 12,600	\$ 26,160	\$ 12,900
Note payable	13,536	-	4,075	9,461	4,256
Net pension liability	-	75,096	47,998	27,098	-
Net OPEB liability	16,564	4,607	4,054	17,117	-
Compensated absences	30,999	16,629	3,100	44,528	4,453
Total Governmental Activities	\$ 99,859	\$ 96,332	\$ 71,827	\$ 124,364	\$ 21,609
Business-type Activities:					
Direct borrowings and placements:					
General obligation bonds	\$ 2,108,741	\$ -	\$ 126,888	\$ 1,981,853	\$ 130,050
Notes payable	54,292	-	13,147	41,145	13,761
Net pension liability	-	76,614	48,968	27,646	-
Net OPEB liability	25,907	7,208	6,341	26,774	-
Compensated absences	32,031	2,888	3,204	31,715	3,172
Total Business-type Activities	\$ 2,220,971	\$ 86,710	\$ 198,548	\$ 2,109,133	\$ 146,983
Total Primary Government Obligations	\$ 2,320,830	\$ 183,042	\$ 270,375	\$ 2,233,497	\$ 168,592

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
2022	\$ 12,900	\$ 475	\$ 4,256	\$ 328
2023	13,260	206	4,445	139
2024	-	-	760	4
Totals	\$ 26,160	\$ 681	\$ 9,461	\$ 471

Town of Victoria, Virginia

Notes to Financial Statements (Continued)

As of June 30, 2021

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
2022	130,050	52,322	13,761	1,607
2023	133,678	49,362	14,403	964
2024	37,325	46,963	11,194	353
2025	38,494	45,794	1,787	10
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	80,330	1,160	-	-
Totals	\$ 1,981,853	\$ 909,402	\$ 41,145	\$ 2,934

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 6—Long-Term Obligations: (Continued)

Details of long-term obligations:

Primary Government Obligations:

	Interest <u>Rates</u>	Date <u>Issued</u>	Final Maturity <u>Date</u>	Amount of Original <u>Issue</u>	Balance Governmental <u>Activities</u>	Amount Due Within <u>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	\$ 26,160	\$ 12,900
Note payable, split between governmental and business- type activities. See Note A.	4.35%	08/13/18	8/15/2023	41,112	9,461	4,256
Other long-term obligations:						
Net pension liability					27,098	-
Net OPEB liability					17,117	-
Compensated absences					44,528	4,453
Total Long-Term Obligations - Governmental Activities					<u>\$ 124,364</u>	<u>\$ 21,609</u>
					Balance Business-type <u>Activities</u>	Amount Due Within <u>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	\$ 191,840	\$ 94,600
General obligation and water system revenue bond. See Notes B & C.	2.75%	06/19/13	6/19/2053	1,984,000	1,790,013	35,450
Note payable, split between governmental and business- type activities. See Note A.	4.35%	08/13/18	8/15/2023	41,112	9,461	4,256
Note payable. See Note A.	4.67%	08/27/19	7/15/2024	48,069	31,684	9,505
Other long-term obligations:						
Net pension liability					27,646	-
Net OPEB liability					26,774	-
Compensated absences					31,715	3,172
Total Long-Term Obligations - Business-type Activities					<u>\$ 2,109,133</u>	<u>\$ 146,983</u>
Total Primary Government Long-Term Obligations					<u>\$ 2,233,497</u>	<u>\$ 168,592</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, 2021

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	\$ -	\$ 13,310
Prepaid property taxes due in December 2021 but paid in advance by taxpayers	<u>3,275</u>	<u>3,275</u>
	<u>\$ 3,275</u>	<u>\$ 16,585</u>

Note 8—Litigation:

At June 30, 2021, 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 9—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 10—Pension Plan:

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 10—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, 2019 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	11
Inactive members:	
Vested inactive members	2
Non-vested inactive members	4
Inactive members active elsewhere in VRS	<u>10</u>
Total inactive members	16
Active members	<u>16</u>
Total covered employees	<u><u>43</u></u>

Note 10—Pension Plan: (Continued)

Contributions

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

The Town’s contractually required employer contribution rate for the year ended June 30, 2021 was 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 \$30,566 and \$28,802 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2019 rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 10—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:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Note 10—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Town’s Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

Note 10—Pension Plan: (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for 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, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers 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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 10—Pension Plan: (Continued)

Discount Rate (Continued)

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, 2019	\$ 1,999,293	\$ 2,035,357	\$ (36,064)
Changes for the year:			
Service cost	\$ 54,573	\$ -	\$ 54,573
Interest	131,829	-	131,829
Differences between expected and actual experience	(4,033)	-	(4,033)
Contributions - employer	-	28,970	(28,970)
Contributions - employee	-	25,304	(25,304)
Net investment income	-	38,660	(38,660)
Benefit payments, including refunds			
Refunds of employee contributions	(92,530)	(92,530)	-
Administrative expenses	-	(1,327)	1,327
Other changes	-	(46)	46
Net changes	\$ 89,839	\$ (969)	\$ 90,808
Balances at June 30, 2020	\$ 2,089,132	\$ 2,034,388	\$ 54,744

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 10—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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Town's			
Net Pension Liability (Asset)	\$ 314,134	\$ 54,744	\$ (160,081)

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

For the year ended June 30, 2021, the Town recognized pension expense of \$58,195. At June 30, 2021, 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	\$ -	\$ 4,042
Change in assumptions	19,685	-
Net difference between projected and actual earnings on plan investments	60,779	-
Employer contributions subsequent to the measurement date	30,566	-
Total	<u>\$ 111,030</u>	<u>\$ 4,042</u>

Note 10—Pension Plan: (Continued)

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

\$30,566 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>		
2022	\$	17,749
2023		18,585
2024		20,610
2025		19,478
2026		-
Thereafter		-

Pension Plan Data

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

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan):

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 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the Town were \$2,879 and \$2,819 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the Town reported a liability of \$43,891 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the Town's proportion was .00260% as compared to .00261% at June 30, 2019.

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

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

For the year ended June 30, 2021, the Town recognized GLI OPEB expense of \$1,594. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Primary Government</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,815	\$ 394
Net difference between projected and actual earnings on GLI OPEB plan investment	1,318	-
Change in assumptions	2,195	916
Changes in proportionate share	255	759
Employer contributions subsequent to the measurement date	<u>2,879</u>	<u>-</u>
Total	<u>\$ 9,462</u>	<u>\$ 2,069</u>

\$2,879 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2022	\$ 581
2023	953
2024	1,293
2025	1,308
2026	344
Thereafter	35

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Town of Victoria, Virginia

Notes to Financial Statements (Continued)
As of June 30, 2021

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

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

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

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

NET GLI OPEB Liability

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

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

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

Note 11—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)**Long-Term Expected Rate of Return**

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 11—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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Town’s proportionate share of the GLI Plan Net OPEB Liability	\$ 57,697	\$ 43,891	\$ 32,678

GLI Plan Fiduciary Net Position

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

Note 12—Surety Bonds:

The following surety bond is held by the Town:

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

Note 13—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.

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, 2021 was \$3,481.

Note 14—Upcoming Pronouncements:

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

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

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

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

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

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

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

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

Note 14—Upcoming Pronouncements: (Continued)

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

Note 15—COVID-19 Pandemic and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the Town, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the Town is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On June 29, 2021, the Town received its share of the first half of the CSLFRF funds. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$843,501 from the initial allocation are reported as unearned revenue as of June 30.

Town of Victoria, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 169,347	\$ 169,347	\$ 197,629	\$ 28,282
Other local taxes	314,650	314,650	324,168	9,518
Permits, privilege fees, and regulatory licenses	820	820	6,550	5,730
Fines and forfeitures	10,000	10,000	3,152	(6,848)
Revenue from the use of money and property	1,500	1,500	4,293	2,793
Charges for services	118,750	118,750	110,917	(7,833)
Miscellaneous	12,750	12,750	44,861	32,111
Recovered costs	18,500	18,500	94,414	75,914
Intergovernmental:				
Commonwealth	98,953	98,953	148,577	49,624
Federal	3,400	3,400	21,925	18,525
Total revenues	\$ 748,670	\$ 748,670	\$ 956,486	\$ 207,816
EXPENDITURES				
Current:				
General government administration	\$ 121,530	\$ 121,530	\$ 118,073	\$ 3,457
Public safety	354,258	354,258	330,269	23,989
Public works	154,579	154,579	134,148	20,431
Parks, recreation, and cultural	49,400	49,400	24,042	25,358
Community development	3,585	3,585	78,215	(74,630)
Nondepartmental	51,956	51,956	75,265	(23,309)
Debt service:				
Principal retirement	13,362	13,362	16,675	(3,313)
Interest and other fiscal charges	-	-	1,246	(1,246)
Total expenditures	\$ 748,670	\$ 748,670	\$ 777,933	\$ (29,263)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 178,553	\$ 178,553
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	\$ -	\$ -	\$ 69,500	\$ 69,500
Total other financing sources (uses)	\$ -	\$ -	\$ 69,500	\$ 69,500
Net change in fund balances	\$ -	\$ -	\$ 248,053	\$ 248,053
Fund balances - beginning	-	-	707,232	707,232
Fund balances - ending	\$ -	\$ -	\$ 955,285	\$ 955,285

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, 2020

	<u>2020</u>	<u>2019</u>
Total pension liability		
Service cost	\$ 54,573	\$ 54,998
Interest	131,829	127,246
Differences between expected and actual experience	(4,033)	(1,287)
Changes of assumptions	-	57,539
Benefit payments	(92,530)	(114,012)
Net change in total pension liability	<u>\$ 89,839</u>	<u>\$ 124,484</u>
Total pension liability - beginning	<u>1,999,293</u>	<u>1,874,809</u>
Total pension liability - ending (a)	<u><u>\$ 2,089,132</u></u>	<u><u>\$ 1,999,293</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 28,970	\$ 27,886
Contributions - employee	25,304	23,938
Net investment income	38,660	129,400
Benefit payments	(92,530)	(114,012)
Administrator charges	(1,327)	(1,309)
Other	(46)	(81)
Net change in plan fiduciary net position	<u>\$ (969)</u>	<u>\$ 65,822</u>
Plan fiduciary net position - beginning	<u>2,035,357</u>	<u>1,969,535</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 2,034,388</u></u>	<u><u>\$ 2,035,357</u></u>
 Town's net pension liability (asset) - ending (a) - (b)	 \$ 54,744	 \$ (36,064)
 Plan fiduciary net position as a percentage of the total pension liability	 97.38%	 101.80%
 Covered payroll	 \$ 542,026	 \$ 511,158
 Town's net pension liability (asset) as a percentage of covered payroll	 10.10%	 -7.06%

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

2018	2017	2016	2015	2014
\$ 51,517	\$ 62,285	\$ 66,843	\$ 63,638	\$ 58,550
126,042	113,843	111,151	108,019	102,867
(53,337)	111,977	(35,711)	(32,032)	-
-	(13,554)	-	-	-
(100,031)	(100,525)	(107,123)	(82,639)	(92,986)
<u>\$ 24,191</u>	<u>\$ 174,026</u>	<u>\$ 35,160</u>	<u>\$ 56,986</u>	<u>\$ 68,431</u>
1,850,618	1,676,592	1,641,432	1,584,446	1,516,015
<u>\$ 1,874,809</u>	<u>\$ 1,850,618</u>	<u>\$ 1,676,592</u>	<u>\$ 1,641,432</u>	<u>\$ 1,584,446</u>
\$ 29,539	\$ 31,317	\$ 38,533	\$ 38,655	\$ 43,008
23,923	25,248	24,544	24,811	24,762
137,787	207,273	29,190	76,732	230,901
(100,031)	(100,525)	(107,123)	(82,639)	(92,986)
(1,201)	(1,215)	(1,087)	(1,054)	(1,253)
(122)	(184)	(13)	(15)	12
<u>\$ 89,895</u>	<u>\$ 161,914</u>	<u>\$ (15,956)</u>	<u>\$ 56,490</u>	<u>\$ 204,444</u>
1,879,640	1,717,726	1,733,682	1,677,192	1,472,748
<u>\$ 1,969,535</u>	<u>\$ 1,879,640</u>	<u>\$ 1,717,726</u>	<u>\$ 1,733,682</u>	<u>\$ 1,677,192</u>
\$ (94,726)	\$ (29,022)	\$ (41,134)	\$ (92,250)	\$ (92,746)
105.05%	101.57%	102.45%	105.62%	105.85%
\$ 508,806	\$ 527,943	\$ 501,410	\$ 496,381	\$ 495,061
-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, 2012 through 2021

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)
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%
2012	17,717	17,717	-	509,118	3.48%

Town of Victoria, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

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

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

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

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

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

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

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 2020

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)
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, 2012 through June 30, 2021

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)
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%
2012	1,426	1,426	-	509,118	0.28%

Town of Victoria, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2020

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - Hazardous Duty Employees

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

Town of Victoria, Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue	Permanent Funds		Total Nonmajor Governmental Funds
	Roundhouse Campgrounds Fund	Lakeview Cemetery Perpetual Care Fund	Oakwood Cemetery Perpetual Care Fund	
ASSETS				
Cash and cash equivalents	\$ -	\$ 139,255	\$ 17,789	\$ 157,044
LIABILITIES				
Reconciled overdraft	\$ 645	\$ -	\$ -	\$ 645
FUND BALANCES				
Nonspendable	\$ -	\$ 139,255	\$ 17,789	\$ 157,044
Unassigned	(645)	-	-	(645)
Total fund balances	\$ (645)	\$ 139,255	\$ 17,789	\$ 156,399
Total liabilities and fund balances	\$ -	\$ 139,255	\$ 17,789	\$ 157,044

Town of Victoria, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Special Revenue	Permanent Funds		Total Nonmajor Governmental Funds
	Roundhouse Campgrounds Fund	Lakeview Cemetery Perpetual Care Fund	Oakwood Cemetery Perpetual Care Fund	
REVENUES				
Revenue from the use of money and property	\$ -	\$ 652	\$ 124	\$ 776
Charges for services	-	112	-	112
Miscellaneous	93	-	-	93
Total revenues	\$ 93	\$ 764	\$ 124	\$ 981
EXPENDITURES				
Current:				
Public works	\$ 86	\$ -	\$ -	\$ 86
Excess (deficiency) of revenues over (under) expenditures	\$ 7	\$ 764	\$ 124	\$ 895
Fund balances - beginning	(652)	138,491	17,665	155,504
Fund balances - ending	\$ (645)	\$ 139,255	\$ 17,789	\$ 156,399

Town of Victoria, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 197,954
Property held for resale	402,800
Note receivable - current portion	9,000
Total current assets	<u>\$ 609,754</u>

Noncurrent assets:

Note receivable - noncurrent portion	\$ 108,000
Total assets	<u>\$ 717,754</u>

LIABILITIES

Current liabilities:

Non-refundable deposit held on property sale	<u>\$ 30,000</u>
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NET POSITION

Unrestricted	<u><u>\$ 687,754</u></u>
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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, 2020

OPERATING REVENUES	
Lease revenue	\$ 40,000
Miscellaneous	500
Total operating revenues	<u>\$ 40,500</u>
OPERATING EXPENSES	
Other charges	<u>\$ 4,729</u>
Operating income (loss)	<u>\$ 35,771</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	\$ 284
Total nonoperating revenues (expenses)	<u>\$ 284</u>
Income before contributions	\$ 36,055
Capital contributions - Town of Victoria	70,000
Change in net position	<u>\$ 106,055</u>
Total net position - beginning	581,699
Total net position - ending	<u><u>\$ 687,754</u></u>

Town of Victoria, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$	40,000
Receipts for miscellaneous items		500
Payments for operating activities		(4,729)
Net cash provided by (used for) operating activities	<u>\$</u>	<u>35,771</u>

**CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES**

Transfers from other funds	\$	70,000
Net cash provided (used) by noncapital financing activities	<u>\$</u>	<u>70,000</u>

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

Principal received on note receivable	\$	6,000
Loan made for economic development		(30,000)
Net cash provided (used) by capital and related financing activities	<u>\$</u>	<u>(24,000)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$	284
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Net increase (decrease) in cash and cash equivalents	\$	82,055
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Cash and cash equivalents - beginning		115,899
Cash and cash equivalents - ending	<u>\$</u>	<u>197,954</u>

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

Operating income (loss)	\$	35,771
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Net cash provided by (used for) operating activities	<u>\$</u>	<u>35,771</u>
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Town of Victoria, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<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>
General Fund:				
Revenue from local sources:				
General property taxes:				
Current property taxes	\$ 159,047	\$ 159,047	\$ 174,843	\$ 15,796
Delinquent property taxes	2,800	2,800	8,088	5,288
Penalty and interest	3,500	3,500	6,038	2,538
DMV stop payments	4,000	4,000	8,050	4,050
Tax administrative fees	-	-	610	610
Total general property taxes	<u>\$ 169,347</u>	<u>\$ 169,347</u>	<u>\$ 197,629</u>	<u>\$ 28,282</u>
Other local taxes:				
Local sales and use taxes	\$ 36,000	\$ 36,000	\$ 49,525	\$ 13,525
Consumers' utility taxes	85,800	85,800	36,659	(49,141)
Consumption tax	5,000	5,000	5,232	232
Meals tax	86,500	86,500	117,583	31,083
ABC License	250	250	140	(110)
Business license taxes	31,100	31,100	37,825	6,725
Motor vehicle licenses	34,000	34,000	32,565	(1,435)
Bank stock taxes	36,000	36,000	44,639	8,639
Total other local taxes	<u>\$ 314,650</u>	<u>\$ 314,650</u>	<u>\$ 324,168</u>	<u>\$ 9,518</u>
Permits, privilege fees, and regulatory licenses:				
Permits and other licenses	\$ 820	\$ 820	\$ 6,550	\$ 5,730
Fines and forfeitures:				
Court fines and forfeitures	\$ 10,000	\$ 10,000	\$ 3,152	\$ (6,848)
Revenue from use of money and property:				
Revenue from use of money	\$ 1,500	\$ 1,500	\$ 4,293	\$ 2,793
Charges for services:				
Charges for refuse collection	\$ 105,000	\$ 105,000	\$ 102,546	\$ (2,454)
Public pool	13,750	13,750	8,371	(5,379)
Total charges for services	<u>\$ 118,750</u>	<u>\$ 118,750</u>	<u>\$ 110,917</u>	<u>\$ (7,833)</u>
Miscellaneous	\$ 12,750	\$ 12,750	\$ 44,861	\$ 32,111
Recovered costs:				
Department of Motor Vehicles	\$ 17,500	\$ 17,500	\$ 82,009	\$ 64,509
CARES Act reimbursement - Lunenburg County	-	-	11,373	11,373
Litter grant - Lunenburg County	1,000	1,000	1,032	32
Total recovered costs	<u>\$ 18,500</u>	<u>\$ 18,500</u>	<u>\$ 94,414</u>	<u>\$ 75,914</u>
Total revenue from local sources	<u>\$ 646,317</u>	<u>\$ 646,317</u>	<u>\$ 785,984</u>	<u>\$ 139,667</u>

Town of Victoria, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<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>
General Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Mobile home titling tax	\$ -	\$ -	\$ 150	\$ 150
Communications tax	-	-	37,753	37,753
Personal property tax relief funds	45,953	45,953	45,953	-
Total noncategorical aid	<u>\$ 45,953</u>	<u>\$ 45,953</u>	<u>\$ 83,856</u>	<u>\$ 37,903</u>
Categorical aid:				
Other categorical aid:				
Fire programs	\$ 10,000	\$ 10,000	\$ 15,000	\$ 5,000
Local law enforcement block grant	43,000	43,000	49,721	6,721
Total other categorical aid	<u>\$ 53,000</u>	<u>\$ 53,000</u>	<u>\$ 64,721</u>	<u>\$ 11,721</u>
Total categorical aid	<u>\$ 53,000</u>	<u>\$ 53,000</u>	<u>\$ 64,721</u>	<u>\$ 11,721</u>
Total revenue from the Commonwealth	<u>\$ 98,953</u>	<u>\$ 98,953</u>	<u>\$ 148,577</u>	<u>\$ 49,624</u>
Revenue from the federal government:				
Categorical aid:				
Transportation safety grant	\$ -	\$ -	\$ 1,025	\$ 1,025
Justice assistance grant	3,400	3,400	-	(3,400)
USDA vehicle grant	-	-	20,900	20,900
Total categorical aid	<u>\$ 3,400</u>	<u>\$ 3,400</u>	<u>\$ 21,925</u>	<u>\$ 18,525</u>
Total revenue from the federal government	<u>\$ 3,400</u>	<u>\$ 3,400</u>	<u>\$ 21,925</u>	<u>\$ 18,525</u>
Total General Fund	<u>\$ 748,670</u>	<u>\$ 748,670</u>	<u>\$ 956,486</u>	<u>\$ 207,816</u>
Special Revenue Funds:				
Roundhouse Campgrounds Fund:				
Revenue from local sources:				
Miscellaneous	\$ 200	\$ 200	\$ 93	\$ (107)
Permanent Funds:				
Lakeview Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 652	\$ 652
Charges for services:				
Sale of cemetery lots	\$ -	\$ -	\$ 112	\$ 112
Total Lakeview Cemetery Perpetual Care Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 764</u>	<u>\$ 764</u>

Town of Victoria, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<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>
Permanent Funds: (Continued)				
Oakwood Cemetery Perpetual Care Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of money	\$ -	\$ -	\$ 124	\$ 124
Total revenue from local sources	\$ -	\$ -	\$ 124	\$ 124
Total Oakwood Cemetery Perpetual Care Fund	\$ -	\$ -	\$ 124	\$ 124
Total Permanent Funds	\$ -	\$ -	\$ 888	\$ 888
Total Primary Government	\$ 748,870	\$ 748,870	\$ 957,467	\$ 208,597

Town of Victoria, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<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>
General Fund:				
General government administration:				
Legislative:				
Town council	\$ 9,152	\$ 9,152	\$ 9,125	\$ 27
General and financial administration:				
Administration	\$ 110,213	\$ 110,213	\$ 106,783	\$ 3,430
Legal services	2,165	2,165	2,165	-
Total general and financial administration	\$ 112,378	\$ 112,378	\$ 108,948	\$ 3,430
Total general government administration	\$ 121,530	\$ 121,530	\$ 118,073	\$ 3,457
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 255,758	\$ 255,758	\$ 241,769	\$ 13,989
Total law enforcement and traffic control	\$ 255,758	\$ 255,758	\$ 241,769	\$ 13,989
Fire and rescue services:				
Volunteer fire and rescue departments	\$ 98,500	\$ 98,500	\$ 88,500	\$ 10,000
Total public safety	\$ 354,258	\$ 354,258	\$ 330,269	\$ 23,989
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Highways, streets, bridges and sidewalks	\$ 3,803	\$ 3,803	\$ 3,302	\$ 501
Streetlights	33,210	33,210	29,098	4,112
Total maintenance of highways, streets, bridges and sidewalks	\$ 37,013	\$ 37,013	\$ 32,400	\$ 4,613
Sanitation and waste removal:				
Refuse collection and disposal	\$ 95,255	\$ 95,255	\$ 83,341	\$ 11,914
Maintenance of general buildings and grounds:				
Municipal building	\$ 19,111	\$ 19,111	\$ 16,681	\$ 2,430
VHS	3,200	3,200	1,726	1,474
Total maintenance of general buildings and grounds	\$ 22,311	\$ 22,311	\$ 18,407	\$ 3,904
Total public works	\$ 154,579	\$ 154,579	\$ 134,148	\$ 20,431
Parks, recreation, and cultural:				
Parks and recreation:				
Caboose fund	\$ 1,400	\$ 1,400	\$ 50	\$ 1,350
Public pool	13,750	13,750	6,596	7,154
Park and recreation	26,250	26,250	8,100	18,150
Community center	-	-	1,296	(1,296)
Total parks and recreation	\$ 41,400	\$ 41,400	\$ 16,042	\$ 25,358
Library:				
Library	\$ 8,000	\$ 8,000	\$ 8,000	-
Total parks, recreation, and cultural	\$ 49,400	\$ 49,400	\$ 24,042	\$ 25,358

Town of Victoria, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

<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>
General Fund: (Continued)				
Community development:				
Planning and community development:				
Tourism and economic development	\$ -	\$ -	\$ 70,000	\$ (70,000)
Condemned property removal	3,585	3,585	8,215	(4,630)
Total planning and community development	<u>3,585</u>	<u>3,585</u>	<u>78,215</u>	<u>(74,630)</u>
Total community development	<u>3,585</u>	<u>3,585</u>	<u>78,215</u>	<u>(74,630)</u>
Nondepartmental:				
Contingencies and miscellaneous	\$ 51,956	\$ 51,956	\$ 75,265	\$ (23,309)
Debt service:				
Principal retirement	\$ 13,362	\$ 13,362	\$ 16,675	\$ (3,313)
Interest and other fiscal charges	-	-	1,246	(1,246)
Total debt service	<u>\$ 13,362</u>	<u>\$ 13,362</u>	<u>\$ 17,921</u>	<u>\$ (4,559)</u>
Total General Fund	<u>\$ 748,670</u>	<u>\$ 748,670</u>	<u>\$ 777,933</u>	<u>\$ (29,263)</u>
Special Revenue Funds:				
Roundhouse Campgrounds Fund:				
Parks, recreation, and cultural				
Roundhouse campgrounds	\$ 200	\$ 200	\$ 86	\$ 114
Total Primary Government	<u>\$ 748,870</u>	<u>\$ 748,870</u>	<u>\$ 778,019</u>	<u>\$ (29,149)</u>

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
2012	\$ 185,036	\$ 316,728	\$ 124,282	\$ 59,046	\$ 16,571	\$ 2,472	\$ 1,142,893	\$ 1,847,028
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

Table 2

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		
2012	\$ 1,251,023	\$ 286,697	\$ 107,928	\$ 103,179	\$ 221,573	\$ 58,523	\$ 37,209	\$ 98,288	\$ 2,164,420	
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	

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
2012	\$ 160,250	\$ 307,623	\$ 149,587	\$ 16,119	\$ 17,571	\$ 54,645	\$ 14,792	\$ 720,587
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

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

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
2012	\$ 136,692	\$ 221,573	\$ 1,370	\$ 18,697	\$ 28,207	\$ 96,929	\$ 23,290	\$ 19,614	\$ 296,771	\$ 843,143
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

(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
2012	\$ 180,028	\$ 169,089	93.92%	\$ 8,885	\$ 177,974	98.86%	\$ 35,294	19.60%
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%

(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	
2012	\$ 66,812,300	\$ 8,158,265	\$ 326,215	\$ 237,800	\$ 2,683,394	\$ -	\$ 78,217,974
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

(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
2012	\$ 0.14	\$ 0.98	\$ 0.75	\$ 0.14	\$ 0.14	\$ 0.98
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

(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
2012	1,725	\$ 78,217,974	\$ 321,196	0.41%	\$ 186
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

(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, 2021

Total assessed value of real property (1)	\$ 72,858,130
	<u>72,858,130</u>
Debt limit - 10% of total assessed value	\$ 7,285,813
	<u>7,285,813</u>
Amount of debt applicable to debt limit:	
Gross debt (2)	\$ 2,147,501
Less: Water and sewer revenue bonds	<u>-</u>
Total amount of debt applicable to debt limit	<u>\$ 2,147,501</u>
Legal debt margin	<u>\$ 5,138,312</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***

**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, 2021, 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 February 17, 2022.

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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2021-001 that we consider to be a material weakness.

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

Town of Victoria, Virginia's response to the finding identified in our audit is 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.

A handwritten signature in black ink, appearing to read "D. F. Clark", followed by a horizontal line extending to the right.

Richmond, Virginia
February 17, 2022

**Town of Victoria, Virginia
Schedule of Findings and Responses
For the Year Ended June 30, 2021**

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>no</u>
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

2021-001

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 FY2021.

Section III-Status of Prior Audit Findings

Finding 2021-001 was recurring in fiscal year 2020 as 2020-001.