

---

# Town of Urbanna, Virginia

---

## Annual Financial Report

---

For the Year Ended June 30,  
2024

---

**THIS PAGE INTENTIONALLY LEFT BLANK**

Town of Urbanna, Virginia  
Financial Report  
Fiscal Year Ended June 30, 2024

**TABLE OF CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
<b>Basic Financial Statements</b>	
<i>Government- Wide Financial Statements</i>	
Exhibit 1                      Statement of Net Position	13
Exhibit 2                      Statement of Activities	14
<i>Fund Financial Statements</i>	
Exhibit 3                      Balance Sheet - Governmental Funds	16
Exhibit 4                      Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	17
Exhibit 5                      Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Exhibit 6                      Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Exhibit 7                      Statement of Net Position - Proprietary Funds	20
Exhibit 8                      Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	21
Exhibit 9                      Statement of Cash Flows - Proprietary Funds	22
Notes to the Principal Financial Statements	23-39

Town of Urbanna, Virginia  
Financial Report  
Year Ended June 30, 2024

---

**TABLE OF CONTENTS (Continued)**

<i>Required Supplementary Information</i>		<b><u>Page</u></b>
Exhibit 10	Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	41
 <i>Supporting Schedules</i>		
Schedule 1	Schedule of Revenues - Budget and Actual - General Fund	43
Schedule 2	Schedule of Expenditures - Budget and Actual - General Fund	44
 <i>Compliance</i>		
	Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45

TOWN OF URBANNA, VIRGINIA  
DIRECTORY OF PRINCIPAL OFFICIALS

**Town Council**

---

William “Bill” Goldsmith, Mayor

Marjorie Austin

Larry Chowning

Alana Courtney

Merri Hanson

Beth Justice

Sandy Sturgill

**Official**

---

T. Ted Costin, Administrator

**Independent Auditor's Report**

**The Honorable Governing Body  
Town of Urbanna, Virginia**

**Opinions**

We have audited the accompanying financial statements of the governmental activities and business-type activities, each major fund, and the aggregate remaining fund information of the Town of Urbanna, Virginia ("The Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise The Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities of the Town of Urbanna, Virginia, as of June 30, 2024, and the respective changes in financial position and cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

## **Required Supplementary Information**

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

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Urbanna, Virginia's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the statistical information but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2024, on our consideration of the Town of Urbanna, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Urbanna, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Urbanna, Virginia's internal control over financial reporting and compliance.

*Davis & Associates*

Columbia, Maryland  
March 31, 2025

**Town of Urbanna, Virginia**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2024**

The Management's Discussion and Analysis of the financial performance of the Town of Urbanna, Virginia (the "Town") provides an overall review of the Town's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

**Financial Highlights**

Net position at June 30, 2024, for the Governmental and Business Type activities, was \$2,948,292 and \$461,716 respectively.

**Overview of the Financial Statements**

This annual report consists of two parts – management's discussion and analysis and the basic financial statements consisting of a *Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows*; and related footnotes. The Statement of Net Position represents the financial position of the Town and provides information about the activities of the Town, including all short-term and long-term financial resources and obligations. The Town's financial statements present two kinds of statements, each with a different snapshot of the Town's finances. The government-wide financial statements provide both long-term and short-term information about the Town's overall financial status. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the Town's accountability.

**Government-Wide Financial Statements**

*Government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. The *Statement of Net Position* (Exhibit 1) presents information on all Town assets and liabilities with the difference between the two 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. However, other non-financial factors will need to be considered, such as changes in the Town's property tax base and condition of the Town's infrastructure. The *Statement of Activities* (Exhibit 2) presents information identifying how 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 when cash is received or paid.

In the *Statement of Net Position* (Exhibit 1) and the *Statement of Activities* (Exhibit 2), the Town is divided into the following:

Governmental activities - The Town's basic municipal services are reported here and include general government, public safety, building and grounds, highways and streets, community development, public health, and cultural and recreation. These activities are mainly supported by taxes and intergovernmental revenue.

Business-type activities - The Town charges user fees to customers to help offset all or most of the cost of the services provided. The business-type activities of the Town reported in this section include Water and Sewer Utility.

## Fund Financial Statements

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

- Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the Taber Trust fund which are considered to be major funds. Data from the other governmental funds, the Historical Trust fund and the Grant's fund are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report. The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- Proprietary Funds

**Proprietary Funds** – The Town maintains proprietary funds to account for enterprise fund operations that report the same functions as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the fund.

## **Notes to the Financial Statements**

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

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Town's progress in funding its obligations to provide pension benefits to its employees.

### **Government- Wide Financial Statements Analysis**

Net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Urbanna exceeded liabilities and deferred inflows by \$2,948,292 as of June 30, 2024. The Town's net position decreased by \$254,228 for the fiscal year ended June 30, 2024.

On January 23, 2023, the Town obtained a Revenue Bond Note from Huntington Public Capital Corporation in the amount of \$1,056,000. The funds from this loan were placed in a SNAP (Virginia State Non-Arbitrage Program) account. These funds were for drilling a new well to supply the town with water. Funds are drawn down as expenses are incurred.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes – \$280,200.
- Surplus in the Net Pension Liability - \$(484,930).
- Meals tax of \$181,730 increased by \$47,600 from the prior year.
- Cost of garbage collection decreased from \$110,467 to \$85,160.
- On Memorial Day Weekend 2024, the Town opened the Marshall Community Pool at Taber Park. The Pool offers season and day passes for both residents and visitors from out of town. The Town anticipates significant seasonal revenue from the Pool.

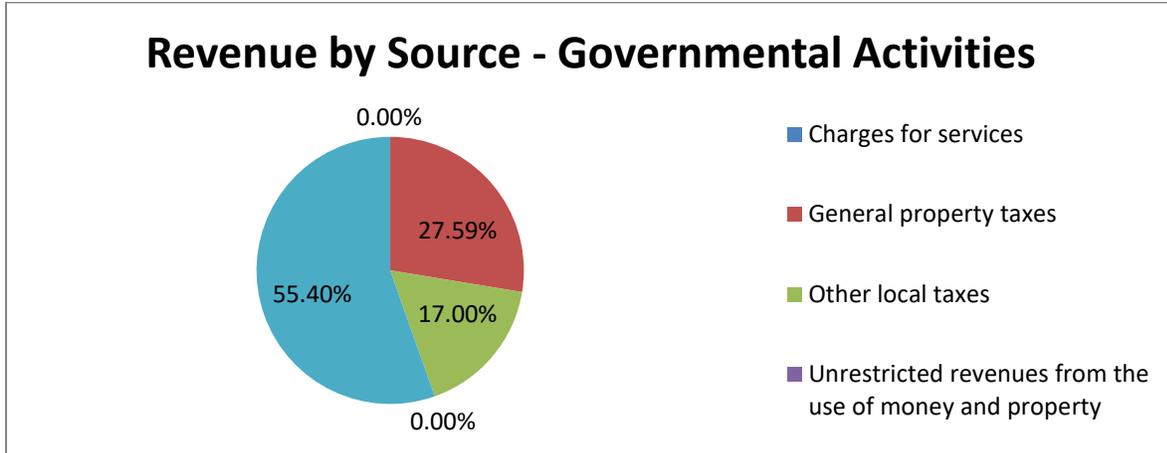
STATEMENT OF NET POSITION (Exhibit 1) – For the Fiscal Years Ended June 30, 2024 and 2023

	2024			2023		
	Primary Government			Primary Government		
	Governmental Activities	Business - Type Activities	Total	Governmental Activities	Business - Type Activities	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 933,917	\$ 1,231,874	\$ 2,165,791	\$ 644,256	\$ 1,291,291	\$ 1,935,547
Due to/from	-	96,171	96,171	-	96,171	96,171
Restricted assets:						
Temporarily restricted:						
Cash and cash equivalents	1,183,640	-	1,183,640	1,795,921	-	1,795,921
Capital assets (net of accumulated depreciation):						
Land	228,324	251,000	479,324	228,324	251,000	479,324
Other capital assets	202,097	8,875	210,972	260,470	8,875	269,345
Total assets	\$ 2,547,978	\$ 1,587,920	\$ 4,135,898	\$ 2,928,971	\$ 1,647,337	\$ 4,576,308
Deferred Outflow of Resources:						
Total Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Assets and Deferred Outflow of Resources	\$ 2,547,978	\$ 1,587,920	\$ 4,135,898	\$ 2,928,971	\$ 1,647,337	\$ 4,576,308
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 133,126	\$ 52,878	\$ 186,003	\$ 657,997	\$ 61,521	\$ 719,518
Utility deposits	-	17,327	17,327	-	15,247	15,247
Long-term liabilities:						
Due in more than one year	-	1,056,000	1,056,000	-	1,056,000	1,056,000
Net Pension Liability	(484,930)	-	(484,930)	(414,936)	-	(414,936)
Total liabilities	\$ (351,804)	\$ 1,126,204	\$ 774,400	\$ 243,061	\$ 1,132,768	\$ 1,375,829
Deferred Inflow of Resources:						
Total Deferred Inflow of Resources	\$ (48,510)	\$ -	\$ (48,510)	\$ 56,585	\$ 449,650	\$ 506,235
Total Liabilities and Deferred Inflow of Resources	\$ (400,314)	\$ 1,126,204	\$ 725,890	\$ 299,646	\$ 1,582,418	\$ 1,882,064
<b>NET POSITION</b>						
Net investment in capital assets	\$ 915,351	\$ (796,125)	\$ 119,226	\$ 903,730	\$ (796,125)	\$ 107,605
Unrestricted (deficit)	2,032,941	1,257,841	3,290,782	1,725,595	860,864	2,586,459
Total net position	\$ 2,948,292	\$ 461,716	\$ 3,410,007	\$ 2,629,325	\$ 64,739	\$ 2,694,064

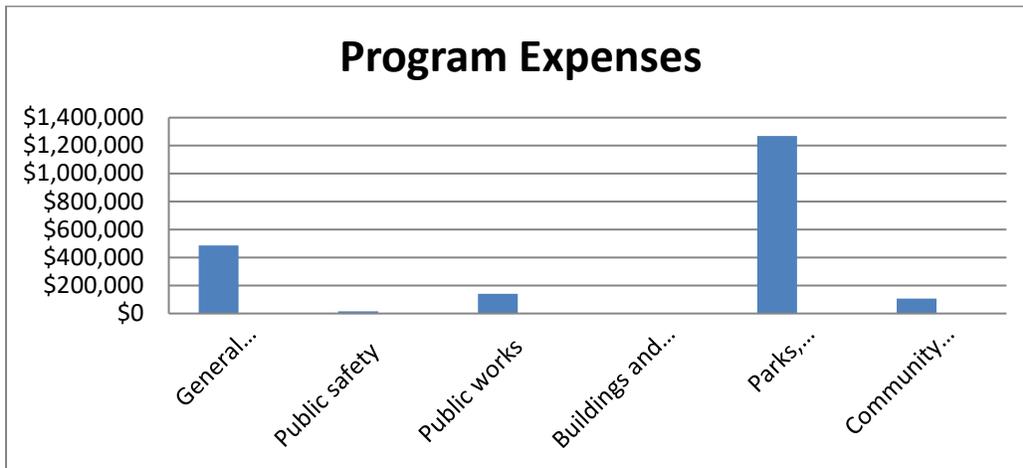
**STATEMENT OF ACTIVITIES (Exhibit 2) – For the Fiscal Years Ended June 30, 2024, and 2023**

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total Primary Government</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 1,328,124	\$ 477,341	\$ 1,328,124	\$ 477,341
General revenues:						
General property taxes	280,200	273,666	-	-	280,200	273,666
Other local taxes	172,644	297,786	-	-	172,644	297,786
Restaurant and food taxes	181,730	134,130	-	-	181,730	134,130
Unrestricted revenues from the use of money and property	-	-	-	-	-	-
Miscellaneous	562,605	142,534	-	-	562,605	142,534
Total revenues	\$ 1,197,180	\$ 848,116	\$ 1,328,124	\$ 477,341	\$ 2,525,304	\$ 1,325,457
<b>Expenses:</b>						
General government	\$ 487,389	\$ 361,352	\$ -	\$ -	\$ 487,389	\$ 361,352
Public safety	15,000	35,200	-	-	15,000	35,200
Public works	140,539	174,125	-	-	140,539	174,125
Buildings and grounds	-	-	-	-	-	-
Parks, recreation and cultural	1,267,909	117,329	-	-	1,267,909	117,329
Community development	106,073	73,547	-	-	106,073	73,547
Enterprise funds	-	-	1,046,581	319,552	1,046,581	319,552
Total expenses	\$ 2,016,910	\$ 761,553	\$ 1,046,581	\$ 319,552	\$ 3,063,492	\$ 1,081,105
Increase (decrease) in net position before transfers	\$ (819,731)	\$ 86,562	\$ 281,543	\$ 157,789	\$ (538,188)	\$ 244,352
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	\$ (819,731)	\$ 86,562	\$ 281,543	\$ 157,789	\$ (538,188)	\$ 244,352
Net position - beginning, as adjusted	2,662,666	2,542,762	180,173	(93,050)	2,842,839	2,449,712
Net position - ending	\$ 1,842,936	\$ 2,629,325	\$ 461,717	\$ 64,740	\$ 2,304,652	\$ 2,694,065

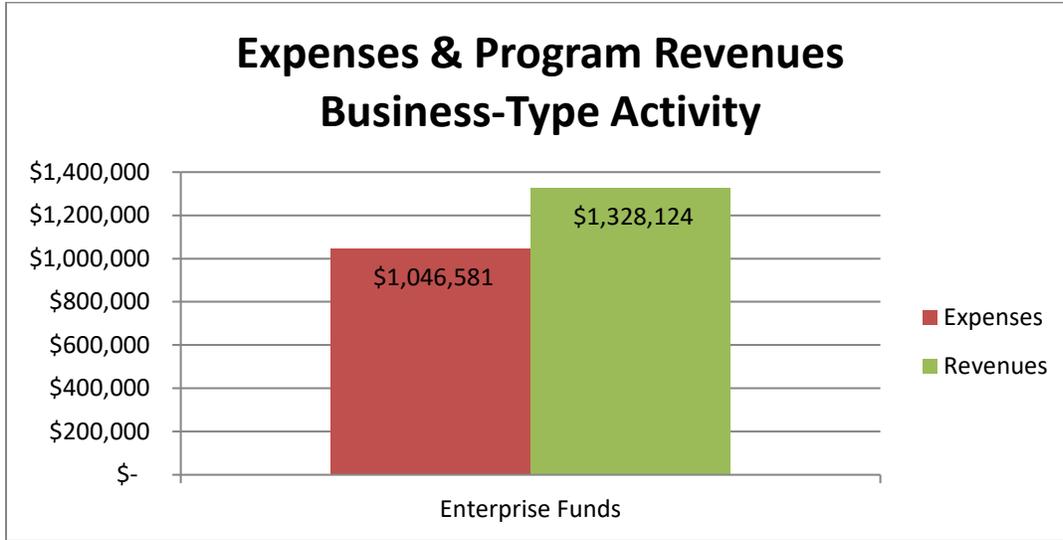
## Primary Government Revenues



## Primary Government Expenses



## Business Type Activities - Revenues and Expenses



### Economic Factors and Future Outlook

Presently, the Town is not aware of any significant changes in conditions that would have a significant effect on administrative expenses in the near future.

### Contacting Town's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Town's finances and to reflect the Town's accountability for the monies it receives. The Town may be contacted at Town of Urbanna, Virginia - P.O. Box 179, Urbanna, Virginia 23175.





June 30, 2024  
Statement of Net Position

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 933,917	\$ 1,231,874	\$ 2,165,791
Due to/from	-	96,171	96,171
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	1,183,640	-	1,183,640
Capital assets (net of accumulated depreciation):			
Land	228,324	251,000	479,324
Other capital assets	202,097	8,875	210,972
Total assets	<u>\$ 2,547,978</u>	<u>\$ 1,587,920</u>	<u>\$ 4,135,898</u>
Deferred Outflow of Resources:			
Total Deferred Outflow of Resources	\$ -	-	-
Total Assets and Deferred Outflow of Resources	<u>\$ 2,547,978</u>	<u>\$ 1,587,920</u>	<u>\$ 4,135,898</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 133,126	\$ 52,878	\$ 186,003
Unreconciled overdraft	-	-	-
Utility deposits	-	17,327	17,327
Noncurrent liabilities:			
Due in more than one year	-	1,056,000	1,056,000
Net Pension Liability	(484,930)	-	(484,930)
Total liabilities	<u>\$ (351,804)</u>	<u>\$ 1,126,204</u>	<u>\$ 774,400</u>
Deferred Inflow of Resources:			
Total Deferred Inflow of Resources	\$ (48,510)	-	(48,510)
Total Liabilities and Deferred Inflow of Resources	<u>\$ (400,314)</u>	<u>\$ 1,126,204</u>	<u>\$ 725,890</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 915,351	\$ (796,125)	\$ 119,226
Unrestricted (deficit)	2,032,941	1,257,841	3,290,782
Total net position	<u>\$ 2,948,292</u>	<u>\$ 461,716</u>	<u>\$ 3,410,007</u>

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

Year Ended June 30, 2024  
Statement of Activities

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>PRIMARY GOVERNMENT:</b>							
Governmental activities:							
General government administration:	\$ 499,886	\$ 12,497	\$ -	\$ -	\$ (487,389)	\$ -	\$ (487,389)
Public safety	15,000	-	-	-	(15,000)	-	(15,000)
Public works	140,539	-	-	-	(140,539)	-	(140,539)
Buildings and grounds	-	-	-	-	-	-	-
Parks, recreation, and cultural	1,267,909	-	-	-	(1,267,909)	-	(1,267,909)
Community development	106,073	-	-	-	(106,073)	-	(106,073)
Total governmental activities	\$ 2,029,407	\$ 12,497	\$ -	\$ -	\$ (2,016,910)	\$ -	\$ (2,016,910)
Business-type activities:							
Water	\$ 991,589	\$ 1,243,331	\$ -	\$ -	\$ -	\$ 251,742	\$ 251,742
Uptons Point	54,992	84,793	-	-	-	29,801	29,801
Total business-type activities	\$ 1,046,581	\$ 1,328,124	\$ -	\$ -	\$ -	\$ 281,543	\$ 281,543
Total primary government	\$ 3,075,989	\$ 1,340,621	\$ -	\$ -	\$ (2,016,910)	\$ 281,543	\$ (1,735,368)
General revenues:							
General property taxes					\$ 280,200	\$ -	\$ 280,200
Other local taxes					354,374	-	354,374
Permits, privilege fees, and regulatory licenses					12,497	-	12,497
Miscellaneous					550,108	-	550,108
Bristow Pavilion					7,200	-	7,200
Pool					1,098,155	-	1,098,155
Total general revenues and transfers					\$ 2,302,535	\$ -	\$ 2,302,535
Changes in net position					285,624	281,543	567,167
Net position - beginning, as adjusted					2,662,666	180,173	2,842,839
Net position - ending					\$ 2,948,291	\$ 461,716	\$ 3,410,007

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



June 30, 2024  
 Balance Sheet  
 Governmental Funds

	<u>General</u>	<u>Permanent Fund Taber Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 892,562	\$ -	\$ 41,355	\$ 933,917
Due to/From 100 Fund	48,509	-	-	48,509
Restricted Assets				
Cash and cash equivalents	-	1,122,230	61,410	1,183,640
Total assets	<u>\$ 941,071</u>	<u>\$ 1,122,230</u>	<u>\$ 102,765</u>	<u>\$ 2,166,066</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ (32,579)	\$ 5,150	\$ -	\$ (27,429)
Accrued liabilities	160,555	-	-	160,555
Total liabilities	<u>\$ 127,976</u>	<u>\$ 5,150</u>	<u>\$ -</u>	<u>\$ 133,126</u>
Fund balances:				
Nonspendable:				
Corpus of historical trust fund	\$ -	\$ 1,122,230	\$ 61,410	\$ 1,183,640
Restricted:				
Residential benefit	-	-	-	-
Debt Service	-	-	-	-
Unassigned	813,095	(5,150)	41,355	849,300
Total fund balances	<u>\$ 813,095</u>	<u>\$ 1,117,080</u>	<u>\$ 102,765</u>	<u>\$ 2,032,941</u>
Total liabilities and fund balances	<u>\$ 941,071</u>	<u>\$ 1,122,230</u>	<u>\$ 102,765</u>	<u>\$ 2,166,068</u>

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

June 30, 2024

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

---

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

Total fund balances per Exhibit 3 – Balance Sheet – Governmental Funds	\$		2,032,941
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:			
Land	\$	228,324	
Depreciable capital assets, net of accumulated depreciation		202,097	
Total capital assets			<u>430,421</u>
Deferred outflows of resources			
Deferred outflows of resources related to pensions are applicable to future periods and, are not reported in funds			<u>-</u>
Net Pension Liability			
Net Pension Liability			<u>484,930</u>
Net position of governmental activities	\$		<u><u>2,948,292</u></u>

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

Year Ended June 30, 2024  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

	<u>General</u>	<u>Permanent Fund Taber Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>				
General property taxes	\$ 280,200	\$ -	\$ -	\$ 280,200
Other local taxes	354,374	-	-	354,374
Permits, privilege fees, and regulatory licenses	12,497	-	-	12,497
Miscellaneous	521,993	-	28,115	550,108
Bristow Pavilion	7,200	-	-	7,200
Pool	1,098,155	-	-	1,098,155
Total revenues	<u>\$ 2,274,419</u>	<u>\$ -</u>	<u>\$ 28,115</u>	<u>\$ 2,302,535</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 438,465	\$ -	\$ 61,422	\$ 499,886
Public safety	15,000	-	-	15,000
Public works	140,539	-	-	140,539
Buildings and grounds	-	-	-	-
Parks, recreation, and cultural	1,256,011	-	11,898	1,267,909
Community development	106,073	-	-	106,073
Total expenditures	<u>\$ 1,956,087</u>	<u>\$ -</u>	<u>\$ 73,320</u>	<u>\$ 2,029,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 318,332</u>	<u>\$ -</u>	<u>\$ (45,205)</u>	<u>\$ 273,127</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 318,332	\$ -	\$ (45,205)	\$ 273,127
Fund balances - beginning, as adjusted	<u>494,763</u>	<u>\$ 1,117,080</u>	<u>\$ 147,969</u>	<u>\$ 1,759,812</u>
Fund balances - ending	<u>\$ 813,095</u>	<u>\$ 1,117,080</u>	<u>\$ 102,764</u>	<u>\$ 2,032,940</u>

Year Ended June 30, 2024

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

---

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

Net change in fund balances – total governmental funds (Exhibit 5)	\$	273,127
--	----	---------

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 the capital outlays exceeded depreciation in the current period.		(58,373)
--	--	----------

Some expenses and other adjustments reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		70,870
---	--	--------

Change in net position of governmental activities	\$	<u>285,624</u>
---	----	----------------

June 30, 2024  
Statement of Net Position  
Proprietary Fund

	<u>Business-Type Activities</u>		
	<u>Water Fund</u>	<u>Uptons Point Fund</u>	<u>Total Funds</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 1,170,897	\$ 60,978	\$ 1,231,874
Due To/From	27,953	68,218	96,171
Total current assets	<u>\$ 1,198,849</u>	<u>\$ 129,196</u>	<u>\$ 1,328,045</u>
Noncurrent assets:			
Capital assets:			
Land	\$ 251,000	\$ -	\$ 251,000
Other capital assets	1,632,962	-	1,632,962
Less accumulated depreciation	(1,624,087)	-	(1,624,087)
Total capital assets	<u>\$ 259,875</u>	<u>\$ -</u>	<u>\$ 259,875</u>
Total noncurrent assets	<u>\$ 259,875</u>	<u>\$ -</u>	<u>\$ 259,875</u>
Total assets	<u>\$ 1,458,724</u>	<u>\$ 129,196</u>	<u>\$ 1,587,920</u>
Deferred Outflow of Resources:			
Total Deferred Outflow of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 1,458,724</u>	<u>\$ 129,196</u>	<u>\$ 1,587,920</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 52,007	\$ 870	\$ 52,878
Utility deposits	17,327	-	17,327
Total current liabilities	<u>\$ 69,334</u>	<u>\$ 870</u>	<u>\$ 70,204</u>
Noncurrent liabilities:			
Bond anticipation note payable	\$ 1,056,000	\$ -	\$ 1,056,000
Total noncurrent liabilities	<u>\$ 1,056,000</u>	<u>\$ -</u>	<u>\$ 1,056,000</u>
Total liabilities	<u>\$ 1,125,334</u>	<u>\$ 870</u>	<u>\$ 1,126,204</u>
Deferred Inflow of Resources:			
Total Deferred Inflow of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities and Deferred Inflow of Resources	<u>\$ 1,125,334</u>	<u>\$ 870</u>	<u>\$ 1,126,204</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ (796,125)	\$ -	\$ (796,125)
Unrestricted	1,129,515	128,325	1,257,841
Total net position	<u>\$ 333,390</u>	<u>\$ 128,325</u>	<u>\$ 461,716</u>

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

Year Ended June 30, 2024  
 Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Fund

	<u>Business-Type Activities</u>		
	<u>Water Fund</u>	<u>Uptons Point Fund</u>	<u>Total Funds</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,243,331	\$ 84,793	\$ 1,328,124
Total operating revenues	<u>\$ 1,243,331</u>	<u>\$ 84,793</u>	<u>\$ 1,328,124</u>
<b>OPERATING EXPENSES</b>			
Other charges	\$ 991,589	\$ 54,992	\$ 1,046,581
Total operating expenses	<u>\$ 991,589</u>	<u>\$ 54,992</u>	<u>\$ 1,046,581</u>
Operating income (loss)	<u>\$ 251,742</u>	<u>\$ 29,801</u>	<u>\$ 281,543</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Total nonoperating revenues (expenses)	\$ -	\$ -	\$ -
Income before contributions and transfers	<u>\$ 251,742</u>	<u>\$ 29,801</u>	<u>\$ 281,543</u>
Change in net position	\$ 251,742	\$ 29,801	\$ 281,543
Total net position - beginning	<u>81,649</u>	<u>98,524</u>	<u>180,173</u>
Total net position - ending	<u>\$ 333,391</u>	<u>\$ 128,325</u>	<u>\$ 461,716</u>

Year Ended June 30, 2024  
 Statement of Cash Flows  
 Proprietary Fund

	<u>Business-Type Activities</u>		
	<u>Water Fund</u>	<u>Upton's Point Fund</u>	<u>Total Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,243,331	\$ 84,793	\$ 1,328,124
Payments to suppliers	<u>(991,589)</u>	<u>(54,992)</u>	<u>(1,046,581)</u>
Net cash provided (used) by operating activities	<u>\$ 251,742</u>	<u>\$ 29,801</u>	<u>\$ 281,543</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Net cash provided (used) by noncapital and related financing activities	\$ -	\$ -	\$ -
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal payments on debt	\$ -	\$ -	\$ -
Net cash provided (used) by capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net increase (decrease) in cash and cash equivalents	\$ 251,742	\$ 29,801	\$ 281,543
Cash and cash equivalents - beginning	<u>919,155</u>	<u>31,178</u>	<u>950,334</u>
Cash and cash equivalents - ending	<u>\$ 1,170,897</u>	<u>\$ 60,980</u>	<u>\$ 1,231,877</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>			
Operating income (loss)	\$ 251,742	\$ 29,801	\$ 281,543
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Total adjustments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net cash provided (used) by operating activities	<u>\$ 251,742</u>	<u>\$ 29,801</u>	<u>\$ 281,543</u>

## NOTES TO THE PRINCIPAL FINANCIAL STATEMENTS

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Narrative Profile

The Town of Urbanna (the “Town”), located in Middlesex County, Virginia, approximately 45 miles from Williamsburg, Virginia, was incorporated in 1902. The town has a population of 476 and a land area of .42 square miles.

The Town is governed under the Council-Manager form of government. The Town government engages in wide ranges of municipal services including general government administration, public works, park and recreation, cultural and community development. Judicial administration, education, fire, library, health and welfare services are provided by Middlesex County.

The financial statements of the Town of Urbanna, Virginia have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units promulgated by the Governmental Accounting Standards Board (GASB). The more significant of the government’s accounting policies are described below.

#### **A. Financial Reporting Entity**

Management’s Discussion and Analysis: GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government’s financial activities in the form of “Management’s Discussion and Analysis” (MD&A). This analysis is similar to the analysis the private sector provides in their annual reports.

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 (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position: The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Position and 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).

Fund Financial Statements: Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise 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 the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the government’s original budget to the current comparison of final budget and actual results for its major funds.

**A. Financial Reporting Entity (continued)**

Accounting principles generally accepted in the United States require financial statements to present the primary government and its component units, entities for which the government is considered to be financially accountable. 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. The Town has no component units that meet the requirements for blending. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The Town does not have any discretely presented component units.

**B. Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements. The focus is on both the Town as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as fiduciary funds (by category) and the component units, if applicable. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information. The Town generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The Town may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, community development, etc.) that 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 and revenues must be directly associated with the function (public safety, public works, community development, etc.) or a business-type activity. 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, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues. The Town does not allocate indirect expenses. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Internal service charges, if applicable, are eliminated and the net income or loss from internal service activities is allocated to the various functional expense categories based on the internal charges to each function. In the fund financial statements, financial transactions and accounts of the Town are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource measurement focus and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

**B. Government-Wide and Fund Financial Statements (continued)**

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

Proprietary fund operating revenues consist of charges for services and related revenues. Non-operating revenues consist of contributions, grants, investment earnings and other revenues not directly derived from the providing of services.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

The following is a brief description of the specific funds used by the Town in FY2024.

1. *Governmental Funds* – Governmental Funds account for and report the expendable financial resources, other than those accounted for and reported in Proprietary and Fiduciary Funds. The Governmental Funds utilize the modified accrual basis of accounting where the measurement focus is upon determination of financial position and changes in financial position, rather than upon net income determination as would apply to a commercial enterprise. The individual Governmental Funds are:

*General Fund* – The General Fund accounts for and reports all revenues and expenditures of the Town which are not accounted for and reported in the other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses and permits, and revenues from other governmental units. The General Fund is considered a major fund for financial reporting purposes.

*Permanent Funds* – Permanent Funds are used to account for resources that are legally restricted to the extent that only the earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government of its citizenry. Permanent Funds include the following funds:

*Taber Trust Fund* – The income generated from this fund can only be used for recreational and charitable purposes. To date the funds are primarily used to cover expenses of the pool and contributions to the library, fire and rescue squads. This fund is reported as a major fund of the Town.

*Historic Trust Fund* – The income generated from this fund is used to promote, enhance or maintain the historic character of the Town. This fund is reported as a non-major fund of the Town.

2. *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 and the Upton's Point Fund.

**C. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

1. *Governmental Funds* – Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts, except that property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the State or utilities and subsequently remitted to the Town, are recognized as revenues and receivables upon collection by the State or utility, which is generally in the month preceding receipt by the Town. Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of State and other grants for the purpose of funding specific expenditures, are recognized when measurable and available or at the time of the specific expenditure.

Expenditures, other than interest on long-term debt, are recorded as the related fund liabilities are incurred. Principal and interest on long-term debt are recognized when due, except for amounts due on July 1, which are accrued.

2. *Proprietary Funds* – The accrual basis of accounting is used for the Enterprise Fund. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

**D. Budgets and Budgetary Accounting**

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

1. Prior to May 1, the Town Administrator 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 department or category level. The appropriation for each department or category can be revised only by the Town Council. The Town Administrator is authorized to transfer budgeted amounts within departments.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**D. Budgets and Budgetary Accounting (continued)**

7. Appropriations lapse on June 30 for all Town funds unless they are carried forward by a resolution of Town Council.
8. All budgetary data presented in the accompanying financial statements reflect budget reviews as of June 30.

**E. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, cash and cash equivalents include all cash on hand and in banks, certificates of deposit, and highly liquid investments with maturities of three months or less.

**F. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**G. Capital Assets**

Capital outlays are recorded as expenditures of the governmental funds of the Town, and as assets in the government-wide financial statements.

Property, plant and equipment purchases are stated at cost or estimated cost. Donated property is recorded at the prevailing market value at date of donation. Depreciation is recorded on capital assets on a government-wide basis or in the Proprietary Funds using the straight-line method and the following estimated useful lives:

Buildings and improvements	33.5 years
Water system	25 years
Office and other equipment	5–25 years
Vehicles	5 years

**H. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**I. Allowance for Uncollectible Amounts**

The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance for uncollectible taxes is \$2,465 at June 30, 2024.

**J. Compensated Absences**

The Town accrues compensated absences (annual and sick leave benefits) when vested. The amounts include all balances earned by employees, which would be paid upon employee terminations, resignations or retirements.

An estimate of ten percent of the liability has been classified as current in the government-wide financial statements.

**K. Fund Equity**

Beginning with fiscal year 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. 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 constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation;
- *Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- *Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- *Unassigned fund balance* – amounts that are available for any purpose; positive amounts are only reported in the general fund.

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).

**NOTE 2            PROPERTY TAXES RECEIVABLE**

Property is assessed at its value on January 1. Property taxes attach as an enforceable lien on property as of January 1. Taxes are payable December 5<sup>th</sup>. The Town bills and collects its own property taxes.

**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 amounts from 50%to 130%of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize the Town to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper and certain corporate notes, banker’s acceptances, repurchase agreements and the State Treasurer’s Local Government Investment Pool (LGIP). The Town had no investments at June 30, 2024.

**NOTE 4            INTERFUND BALANCES AND ACTIVITY**

There were no interfund receivables, payables or related activity as of June 30, 2024.

**NOTE 5            DUE FROM OTHER GOVERNMENTAL UNITS**

There were no amounts due from other governments at June 30, 2024.

**NOTE 6            DEFERRED REVENUE**

There were no deferred revenue amounts at June 30, 2024.

**NOTE 7 CAPITAL ASSETS**

The following is a summary of changes in capital assets during the fiscal year:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 228,324	\$ -	\$ -	\$ 228,324
Total capital assets not being depreciated	<u>\$ 228,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,324</u>
Capital assets being depreciated:				
Buildings and improvements	\$ 1,070,437	\$ -	\$ -	\$ 1,070,437
Office and other equipment	<u>303,068</u>	<u>-</u>	<u>-</u>	<u>303,068</u>
Total capital assets being depreciated	<u>\$ 1,373,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,373,505</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 860,263	\$ 52,120	\$ -	\$ 912,383
Office and other equipment	<u>252,772</u>	<u>6,253</u>	<u>-</u>	<u>259,025</u>
Total accumulated depreciation	<u>\$ 1,113,035</u>	<u>\$ 58,373</u>	<u>\$ -</u>	<u>\$ 1,171,408</u>
Total capital assets being depreciated, net	<u>\$ 260,470</u>	<u>\$ (58,373)</u>	<u>\$ -</u>	<u>\$ 202,097</u>
Governmental activities capital assets, net	<u>\$ 488,794</u>	<u>\$ (58,373)</u>	<u>\$ -</u>	<u>\$ 430,421</u>
Depreciation expense has been allocated as follows:				
General government administration	\$	15,120		
Public works	\$	41,231		
Parks, recreation and cultural	\$	<u>2,023</u>		
Total depreciation expense	\$	<u>58,373</u>		

## NOTE 7

## CAPITAL ASSETS continued

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 251,000	\$ -	\$ -	\$ 251,000
Total capital assets not being depreciated	\$ 251,000	\$ -	\$ -	\$ 251,000
Capital assets being depreciated:				
Water system	\$ 1,493,801	\$ -	\$ -	\$ 1,493,801
Vehicles	25,865	-	-	25,865
Office and other equipment	113,296	-	-	113,296
Total capital assets being depreciated	\$ 1,632,962	\$ -	\$ -	\$ 1,632,962
Less accumulated depreciation for:				
Water system	\$ 1,493,801	\$ -	\$ -	\$ 1,493,801
Vehicles	25,865	-	-	25,865
Office and other equipment	102,494	1,927	-	104,421
Total accumulated depreciation	\$ 1,622,160	\$ 1,927	\$ -	\$ 1,624,087
Total capital assets being depreciated, net	\$ 10,802	\$ (1,927)	\$ -	\$ 8,875
Business-type activities capital assets, net	\$ 261,802	\$ (1,927)	\$ -	\$ 259,875
Depreciation expense has been allocated as follows:				
Total depreciation expense		\$ 1,927		

**NOTE 8 LONG- TERM OBLIGATIONS**

The following is a summary of long-term obligations for the fiscal year ended June 30, 2024:

**Incurring by Town**

Net pension liability	\$ <u>(484,930)</u>
Total governmental obligations	\$ <u>(484,930)</u>

On January 23, 2024, the Town obtained a Revenue Bond Note from Huntington Public Capital Corporation in the amount of \$1,056,000. The funds from this loan were placed in a SNAP (Virginia State Non-Arbitrage Program) account. These funds were for drilling a new well to supply the town with water. Funds are drawn down as expenses are incurred. Principal payments are due at final maturity. Interest accrues as follows:

- Option 1 – Final Maturity – 3/1/2024 – 5.25%
- Option 2 – Final Maturity – 9/1/2024 – 4.81%

**NOTE 9 CLAIMS, JUDGMENTS, AND COMPENSATED ABSENCES**

In accordance with GASB Statement 16, *Accounting and Financial Reporting for Claims, Judgments and Compensated Absences*, the Town has accrued the liability arising from outstanding claims and judgments and compensated absences. Town employees earn vacation and sick leave based upon length of service. The Town has no outstanding accrued vacation pay.

**NOTE 10 DEFINED BENEFIT 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

**NOTE 10                    DEFINED BENEFIT PENSION PLAN – continued**

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.

***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 1.7%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, 2021, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Town</u>
Retirees and Beneficiaries	8
Inactive Vested Members	2
Inactive Nonvested Members	0
Long Term Disability	0
Active Elsewhere in VRS	3
Active Employees	<u>3</u>
Total	16

**NOTE 10            DEFINED BENEFIT 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, 2024, was 9.99% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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.

**Net Pension Liability (Asset)**

The net pension liability 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 political subdivisions, the net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

**Actuarial Assumptions**

The total pension liability for General Employees in the Town's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
General Employees – Salary increases, including inflation	3.50 – 5.35%
Investment rate of return	6.75% net of pension plan investment expense, including inflation*

Mortality rates:

Largest 10 – (Non 10 Largest) – Hazardous Duty; 15% of deaths are assumed to be service related.

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of

**NOTE 10            DEFINED BENEFIT PENSION PLAN - continued**

rates for males and females set forward 2 years

Mortality Improvement:

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

Mortality rates: (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows

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

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

***Actuarial Assumptions – Public Sa fety 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, 2021, 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, 2023.

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

**NOTE 10                      DEFINED BENEFIT PENSION PLAN - continued**

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Hazardous Duty:

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

**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:

## NOTE 10

## DEFINED BENEFIT PENSION PLAN – continued

Asset Class (Strategy)	Target Allocation	Arithmetic Long- Term Expected Real Rate of Return	Weighted Average Long- Term Expected Real Rate of Return
Public Equity	34.00%	6.14 %	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi- Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
	Inflation		<u>2.50%</u>
	*Expected arithmetic nominal return		<u>8.25%</u>

\* The above allocation provides a one-year expected return of 8.25%. 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 7.14% including expected inflation of 2.50%

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14% including expected inflation of 2.50%

### Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Town and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, 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, 2022 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 112% of the actuarially determined contribution rate. From July 1, 2023 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore,

the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 10                      DEFINED BENEFIT PENSION PLAN – continued**

**Changes in Net Pension Liability**

	Total Pension Liability (a)	<u>Increase (Decrease)</u> Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	831,154	1,246,090	(414,936)
Changes for the Year			-
Service cost	8,223		8,223
Interest	54,808		54,808
Changes in benefit terms	-		-
Changes of assumptions	-		-
Differences between expected and actual experience	(50,411)		(50,411)
Contributions – employer	-	-	-
Contributions – employee	-	4,516	(4,516)
Net investment income	-	78,879	(78,879)
Benefit payments, including refunds of employee contributions	(54,815)	(54,815)	-
Administrative expenses	-	(811)	811
Other charges	-	30	(30)
Net Changes	(42,195)	27,799	(69,994)
Balances at June 30, 2023	788,959	1,273,889	(484,930)

**Sensitivity of the Political Subdivision’s Proportionate Share of the Net Pension Liability to Changes in the Changes in the Discount Rate**

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

	1%Decrease (5.75%)	Current Discount (6.75%)	1%Increase (7.75%)
Net Pension Liability (Asset)	\$ (397,191)	\$ (484,930)	\$ (554,719)

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

For the year ended June 30, 2024, the Town recognized pension expense of \$3,592 at June 30, 2024, the Town’s deferred outflows of resources were \$(40,147). At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Year Ended June 30</u>	
2025	\$ (27,460)
2026	(25,588)
2027	18,033
2028	700
2029	-
Thereafter	-
Total	\$ (34,315)

**NOTE 10            DEFINED BENEFIT PENSION PLAN – continued**

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.va retire.org/Pdf/Publications/2023-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**NOTE 11            CONTINGENT LIABILITIES**

As of June 30, 2024, there were no matters of litigation involving the Town that would materially affect the Town’s financial position should any court decisions on pending matters not be favorable to the Town.

**NOTE 12            SURETY BONDS**

	<u>Amount</u>
Virginia Department of Risk Management:	
Town Administrator	\$        50,000
Blanket bond - all employees	50,000

**NOTE 13            EXPENDITURES IN EXCESS OF APPROPRIATIONS**

There were no expenditures in excess of appropriations.

**NOTE 14            DEFICIT NET POSITION**

At June 30, 2024, no funds had a deficit balance.

**NOTE 15            ADJUSTMENTS TO BEGINNING BALANCES**

<u>Fund</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Beginning net position/fund balances as previously reported, 6/30/23	\$        2,629,325	\$        64,739
Correction of capital assets and depreciation	<u>          33,341</u>	<u>      115,434</u>
Beginning net position/fund balances as restated, 7/1/23	\$ <u>2,662,666</u>	\$ <u>180,173</u>

**NOTE 16            SUBSEQUENT EVENTS**

Events or transactions sometimes occur subsequent to the balance-sheet date, but prior to the issuance of the financial statement that have a material effect on the financial statements and therefore require adjustment or disclosure in the statements. In accordance with AU Section 560 – the entity is required to disclose those events – that if not disclosed – would cause the financial statements to be misleading. Subsequent events are evaluated through March 31, 2025, the date which the financial statements were available.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**

---

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

Year Ended June 30, 2024

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual  
General Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 261,900	\$ 261,900	\$ 280,200	\$ 18,300
Other local taxes	297,867	297,867	354,374	56,507
Permits, privilege fees, and regulatory licenses	26,700	26,700	12,497	(14,203)
Miscellaneous	24,100	24,100	521,993	497,893
Intergovernmental revenues	-	-	-	-
Total revenues	<u>\$ 610,567</u>	<u>\$ 610,567</u>	<u>\$ 2,274,419</u>	<u>\$ 1,663,852</u>
<b>EXPENDITURES</b>				
Current:				
General government administration	\$ 342,003	\$ 342,003	\$ 438,465	\$ (96,462)
Public safety	17,200	17,200	15,000	2,200
Public works	148,055	148,055	140,539	7,516
Buildings and grounds	-	-	-	-
Parks, recreation, and cultural	-	-	1,256,011	(1,256,011)
Community development	73,110	73,110	106,073	(32,963)
Total expenditures	<u>\$ 580,367</u>	<u>\$ 580,367</u>	<u>\$ 1,956,087</u>	<u>\$ (1,375,720)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 30,200</u>	<u>\$ 30,200</u>	<u>\$ 318,332</u>	<u>\$ 288,132</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-
Total other financing sources and uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 30,200	\$ 30,200	\$ 318,332	\$ 288,132
Fund balances - beginning	-	-	494,763	494,763
Fund balances - ending	<u>\$ 30,200</u>	<u>\$ 30,200</u>	<u>\$ 813,095</u>	<u>\$ 782,895</u>



Year Ended June 30, 2024  
 Schedule of Revenues – Budget and Actual  
 General Fund

<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>
Real property taxes	\$ 250,000	\$ 250,000	\$ 258,208	\$ 8,208
Real property taxes - delinquent	1,000	1,000	5,875	4,875
Public service corporation taxes	1,600	1,600	3,169	1,569
Personal property taxes	8,500	8,500	10,291	1,791
Personal property taxes - delinquent	100	100	688	588
Penalties	200	200	557	357
Interest	500	500	1,412	912
Total general property taxes	\$ 261,900	\$ 261,900	\$ 280,200	\$ 18,300
State sales tax	\$ 25,767	\$ 25,767	\$ 31,107	\$ 5,340
Consumer utility tax	2,500	2,500	6,655	4,155
Business license tax	7,500	7,500	6,213	(1,287)
Cigarette tax	-	-	-	-
Motor vehicle license tax	10,000	10,000	9,555	(445)
Bank franchise tax	55,000	55,000	42,024	(12,976)
Lodging tax	20,000	20,000	32,188	12,188
Lodging - Occupancy Tax Escrow	-	-	-	-
Meals tax	145,000	145,000	181,730	36,730
Meals tax penalty	100	100	1,253	1,153
Oyster Festival meals tax	12,000	12,000	18,058	6,058
Oyster Festival meals tax penalty	-	-	-	-
Oyster Festival business licenses	17,500	17,500	23,200	5,700
Communication sales tax	2,500	2,500	2,390	(110)
Total other local taxes	\$ 297,867	\$ 297,867	\$ 354,374	\$ 56,507
Total tax	\$ 559,767	\$ 559,767	\$ 634,574	\$ 74,807
Permits, privilege fees, and regulatory licenses:				
Zoning and subdivision permits	\$ 1,016	\$ 1,016	\$ 1,850	\$ 834
Golf carts	1,500	1,500	3,225	1,725
Interest earned from banks	22,984	22,984	7,422	(15,562)
Rental of property	1,200	1,200	-	(1,200)
Total permits, privilege fees, and regulatory licenses	\$ 26,700	\$ 26,700	\$ 12,497	\$ (1,200)
Miscellaneous Revenue:				
Visitor Center donations	\$ 600	\$ 600	\$ 640	\$ 40
Visitor Center merchandise donations	700	700	1,497	797
OF Foundation Reimbursement	-	-	-	-
Trolley sponsorship and donations	-	-	-	-
Miscellaneous revenue	500	500	11,348	10,848
Property Sales	-	-	239,514	239,514
Cats Meow	300	300	754	454
PPTRA (Tax Relief)	6,000	6,000	5,995	(5)
Beautification grant	-	-	5,500	5,500
Litter control grant	1,000	1,000	2,085	1,085
Fire program funds	15,000	15,000	15,000	-
Cares fund	-	-	239,660	239,660
Total Miscellaneous	\$ 24,100	\$ 24,100	\$ 521,993	\$ 239,660
Total other fees	\$ 50,800	\$ 50,800	\$ 534,490	\$ 238,460
Court fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Total fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Revenue from use of money	\$ -	\$ -	\$ -	\$ -
Revenue from use of property	-	-	-	-
Total revenue from use of money and property	\$ -	\$ -	\$ -	\$ -
Bristow Pavilion	\$ -	\$ -	\$ 7,200	\$ 7,200
Pool	-	-	1,098,155	1,098,155
Total charges for services	\$ -	\$ -	\$ 1,105,355	\$ 1,105,355
Miscellaneous income	\$ -	\$ -	\$ -	\$ -
Total miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Total revenue from local sources	\$ 610,567	\$ 610,567	\$ 2,274,419	\$ 1,663,852
Total General Fund	\$ 610,567	\$ 610,567	\$ 2,274,419	\$ 1,663,852

Year Ended June 30, 2024  
 Schedule of Expenditures – Budget and Actual  
 General Fund

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>General Fund:</b>				
General government administration:				
Town Council	\$ 11,000	\$ 11,000	\$ 19,083	\$ (8,083)
Town Treasurer	67,910	67,910	79,203	(11,293)
Town Clerk	48,756	48,756	58,118	(9,362)
Town Administrator	58,104	58,104	67,845	(9,741)
Professional services	57,900	57,900	27,000	30,900
General administration	98,333	98,333	187,216	(88,884)
Total general government administration	<u>\$ 342,003</u>	<u>\$ 342,003</u>	<u>\$ 438,465</u>	<u>\$ (96,462)</u>
Public safety:				
Public safety:	\$ 17,200	\$ 17,200	\$ 15,000	\$ 2,200
Total public safety	<u>\$ 17,200</u>	<u>\$ 17,200</u>	<u>\$ 15,000</u>	<u>\$ 2,200</u>
Public works:				
Refuse collection	\$ 91,000	\$ 91,000	\$ 85,160	\$ 5,840
Maintenance and grounds	57,055	57,055	55,379	1,676
Total public works	<u>\$ 148,055</u>	<u>\$ 148,055</u>	<u>\$ 140,539</u>	<u>\$ 7,516</u>
Parks, recreation and cultural:				
Administration	\$ -	\$ -	\$ 6,639	\$ (6,639)
Regional Pool	-	-	1,249,372	(1,249,372)
Total parks, recreation and cultural	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,256,011</u>	<u>\$ (1,256,011)</u>
Community development:				
Planning and community development	\$ 24,750	\$ 24,750	\$ 51,614	\$ (26,864)
Oyster fest	20,100	20,100	23,761	(3,661)
Trolley	8,500	8,500	8,615	(115)
Visitor's center	19,760	19,760	22,083	(2,323)
Total planning and community development	<u>\$ 73,110</u>	<u>\$ 73,110</u>	<u>\$ 106,073</u>	<u>\$ (32,963)</u>
Total General Fund	<u>\$ 580,367</u>	<u>\$ 580,367</u>	<u>\$ 1,956,087</u>	<u>\$ (1,375,720)</u>



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

**To the Honorable Governing Body  
Town of Urbanna, Virginia**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Urbanna, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Urbanna, Virginia's basic financial statements and have issued our report thereon dated March 31, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Urbanna, 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 Urbanna, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Urbanna, Virginia's internal control.

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

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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

*Davis & Associates*

Columbia, Maryland  
March 31, 2025