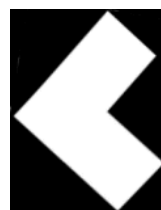


Town of Lawrenceville, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2024



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

Town of Lawrenceville, Virginia

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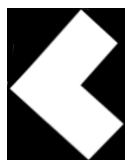
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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Lawrenceville, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Lawrenceville, 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 Lawrenceville, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Lawrenceville, Virginia, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2024, the Town adopted new accounting guidance, GASB Statement No. 99, Omnibus 2022 and No. 100, Accounting Changes and Error Corrections. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lawrenceville, 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 Lawrenceville, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 1-11, 65-69, and 70-78 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 Lawrenceville, Virginia's basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

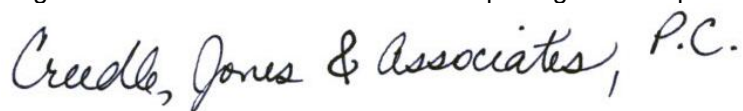
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2025, on our consideration of the Town of Lawrenceville, 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 Lawrenceville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Lawrenceville, Virginia's internal control over financial reporting and compliance.



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

South Hill, Virginia
July 18, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Town of Lawrenceville, Virginia presents the following discussion and analysis as an overview of the Town of Lawrenceville, Virginia's financial activities for the fiscal year ending June 30, 2024. We encourage readers to read this discussion and analysis in conjunction with the Town's basic financial statements.

MANAGER'S STATEMENT

The total net position of the Town of Lawrenceville, Virginia increased by \$258,302 from \$19,689,303 on June 30, 2023, to \$19,947,605 on June 30, 2024. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, net position, can be used as one way to measure the Town's financial health, or financial condition. Over time, increases or decreases in the total net position can be one indicator of whether the Town's financial condition is improving or deteriorating.

While we are pleased with the Town's increase in net position, part of the increase was owed to grants received. With the COVID-19 and ARPA funding, there can be timing differences that can affect the net position amount. The Town is scheduled to reduce its debt principal by \$469,019, during fiscal year 2025. Both the 2014 Series A and the 2014 Series B bonds were refinanced during fiscal year 2024 with increased interest rates as shown on Page 37. A substantial reduction in debt principal obligations occurred during fiscal year 2020 when the final annual principal payment of \$350,000 was made on the 2014 Bond Series C. The 2014 Bond Series A, B, and C constituted the financing package associated with the Dominion Power Project. In 2014, the Town borrowed \$6,781,000 to fund a debt restructuring and to complete the funding for the Downtown Project, the water plant upgrade for Dominion Power, and the water line associated with the Dominion Power Project. In addition, a bond was issued in October 2016 for \$1,371,000 to match the Dominion Power sewer connection fee for construction at the wastewater treatment plant (WWTP) to accommodate the Dominion wastewater flows and to improve the quality of water that is discharged into Rose Creek. The construction began in November 2016 and lasted through fiscal year 2018. The total project cost for the WWTP project was \$2,630,495, utilizing the bond money first and then the remainder of funds coming from the Dominion Power sewer connection fee.

The Town decreased its total borrowed debt obligation from \$6,011,575 on June 30, 2023, to \$5,679,808 on June 30, 2024. Besides the 2014 financing described above, the Town owes for bonds used for water and sewer improvement projects to correct infiltration and inflow (I & I) problems and other maintenance issues with a balance due of \$210,000 as of June 30, 2024. The Town borrowed \$750,000 during fiscal year 2021 towards issues with disinfection byproducts in the water system as well as the Town's share of streetscape funding.

Depreciation expense amounted to \$871,989 for the fiscal year 2024. While depreciation is a noncash expense, it recognizes the reduction in value of the Town's capital assets as these assets age. Over time, depreciation expense might approximate the capital expenditures required to maintain the current infrastructure. Capital expenditures totaled \$444,465 during fiscal year 2024. Of this amount, expenditures included \$191,622 for a 125 Kw generator for the Town Office and Fire Department, as well as \$227,069 for water mixers for the Mayfield and Food Lion water tanks.

The Town Council increased water and sewer rates ten percent on July 1, 2016, by five percent in July 2018, and by five percent to take effect July 1, 2019. The Town did not increase rates in the fiscal year 2020. The Town had planned to raise water and sewer rates for fiscal year 2021 but did not because of the impact on citizens from the Covid pandemic. The Town raised the water and sewer rates by 9.09% on July 1, 2022, by 20% on July 1, 2023, and by 10% on July 1, 2024. There will be no water or sewer rate increase for fiscal year 2025-2026. The water and wastewater rates remain below the state of Virginia average water and wastewater rates as well as median rates.

The 2024 reassessment of real estate within the Town was completed by the Brunswick County Commissioner of the Revenue. The real estate and improvements within the Town reflected an increase in value of 44%. Reassessments of real estate are only done once every six years in Brunswick County. The real estate tax rate was reduced from \$0.34 per \$100 to \$0.28 per \$100 to offset some of the 44% real estate value increase.

Water and sewer revenues accounted for over seventy-five percent of total Town revenues in fiscal year 2024, excluding proceeds from grants. During fiscal year 2024, \$173,662 was transferred from the Water and Sewer fund to the General fund. However, many expenses included in the General fund, particularly payroll expenses, involve time dedicated to water and wastewater issues.

In December of 2009, Brunswick County and the Brunswick County Industrial Development Authority approached the Town about forming an authority for water and sewer to serve the Meherrin River Regional Jail that was going to be in Alberta off Highway 1 and Interstate 85. After several months of negotiations, the Town agreed to provide water and sewer to the proposed Meherrin River Regional Jail. The Town, County, IDA, and the MRRJA signed agreements on May 30, 2010, to provide the treatment of water and wastewater in the amount of 100,000 gallons per day. The Town is now responsible for the maintenance of the new utility lines installed to service the facility, but the Brunswick County IDA still owns the lines. The discharge point for the sewer into the Town's system, while not the optimum choice to utilize the recent investment to upsize collection lines, can currently handle the proposed flow from the Regional Jail. The Town's system will not be able to handle amounts more than what has been agreed to without studies from an engineer. The Town began to realize revenue from this project as the MRRJA opened in July 2012. The actual flows of water and wastewater are less than 25,000 gallons per day, which is less than one-half of the projected flow amounts based on the information provided to the Town from the IDA's engineering consultants. At the Meherrin River Regional Jail, the addition of a 250,000-gallon water storage tank increased the likelihood of disinfection byproducts. Testing on the IDA North water system confirmed that this was an issue. Phase I of the corrective actions were the upgrading of the Alberta valve vault to allow for better tank filling capabilities and to construct a new chlorine injector station at the I-85 elevated water tank on Boydton Plank Road for \$365,871. Phase II of the corrective action plan included installing mixers in Mayfield and Food Lion elevated water tanks for \$227,069. Phase I was completed in the fall of 2023 while Phase II was completed in January 2024.

On February 20, 2013, Brunswick County, the County IDA, and the Town of Lawrenceville signed an agreement to allow the Alberta Collection system to connect to the MRRJA pump station for treatment of wastewater at the Town of Lawrenceville wastewater treatment plant. In March 2013, the Town of Alberta applied for CDBG funding to correct I & I issues and other water issues within their system. On June 10, 2013, the Town of Lawrenceville and the Town of Alberta signed an agreement for Lawrenceville to assume the ownership, operation, and maintenance of the Alberta systems. At the end of June 2013, the State notified the Town of Alberta that the grant would be funded. During fiscal year 2014, Alberta was connected to the MRRJA sewer pump station utilizing grant funding. I & I correction work began and was completed in fiscal year 2015, utilizing the grant funding with Lawrenceville supplying some of the match money. The engineers have shown that this work corrected significant I & I issues on the Alberta collection system. The Town applied for a \$30,000 search grant to perform a PER and ER report and cost estimate for a 1 mgd. wastewater expansion. The application was successful, and the PER and ER will be completed in July 2024. During the PER and ER engineering along with the five-year WWTP discharge permit renewal for 2025. The Town has submitted the Justification Report for Increasing the Town of Lawrenceville's WWTP VPDES Permit Capacity from 1.2 MGD to 1.45 MGD. The revised WWTP VPDES Permit for 1.45 MGD was advertised for public hearing during July 2025.

The engineering report and cost estimates have been completed, and the Town has started looking for funding assistance for the water improvement project that will replace most of the existing cast-iron and galvanized water lines in the Town of Alberta. The Town provided a grant application to replace the remaining waterlines on the south side of Alberta. The grant application was not successful in 2023. A two-phase approach for grant funding was provided for 2024 grant request. The 2024 grant application was not successful. During 2025, the Office of Drinking Water informed the Town that additional distribution system upgrades may be required for the Town to be eligible for the Alberta waterline replacement grants.

Dominion Virginia Power announced in February 2012 that they would be constructing a 1358-Megawatt gas fired generating station just east of Lawrenceville. The anticipated water usage will range from 250,000 to 1,200,000 gallons per day. The sewer flow is anticipated to be 20% of the water flow. The contract negotiations for the water and sewer services to the generating plant were completed on August 30, 2012. Dominion Power has paid, in installments, a connection fee of

\$4,000,000 for the water connection and \$2,250,000 for the wastewater connection. The Town received the last payment for these connections during fiscal year 2016 in the amount of \$250,000 for the final payment on the water connection at the water plant expansion job closeout. In fiscal year 2017, the Town did realize the first full year of revenue from the Dominion Project as the power plant went commercial in late April of 2016. Dominion water and sewer rates were set from the 2014 water and sewer rates at \$4.76 per thousand gallons based on an agreement to a 20% reduction of the current out-of-town rate for the first five years of operation. Dominion did not see the rate increase in July 2016 (10%), July 2018 (5%), July 2019 (5%), July 2022 (9.09%) and July 2023 (20%). In April 2021, the Town of Lawrenceville and Dominion Power agreed to reduce the 20% reduction to a 10% reduction and started the then current out-of-town water and sewer rates. The Town realized \$435,206 from the Dominion water and sewerage usage fees during fiscal year 2021 (97,974,000 gal.), \$609,400 during fiscal year 2022 (103,300,000 gal.) and \$510,400 during fiscal year 2023. The latest water and wastewater rate increase was July 2024 (10%). The Town realized \$837,043 from the Dominion water and sewerage usage fees during fiscal year 2024. The DVP revenue is falling short of projections provided during the contract negotiation phase.

During fiscal year 2020, the Town completed the streetscape project on North Main Street. During fiscal year 2022, the Town received a T21 grant of \$256,088 and completed the streetscape project on North Hicks Street. Previously the Town was successful in obtaining a Tobacco Indemnification and Community Revitalization Grant for the engineering and specification development for the expansion of the wastewater treatment plant. The plans and specifications are complete, and this is now a shovel-ready project waiting for funding. During fiscal year 2019, the Town applied for VDOT-MAP21 grant funding for the Tobacco Heritage Trail Park Ramp Project and was successful with an estimated budget of \$1,049,519. With the Covid pandemic causing widespread material shortages, the Town had to apply for additional funding for the project. The current funding now reflects two VDOT-MAP21 grants for \$471,812 (10-20-2020) and \$367,803 (7-1-2024), TRRC \$91,951 (5-22-2024) for a total of \$931,566 in grant funding. Realizing a funding deficit of \$117,953, the Town applied for additional grant funding with SCRC-SEID for \$135,613 which is now pending. Also, the Town was successful with a 2019 grant application for the Sharp Street Streetscape Project with an estimated budget of \$642,651. The VDOT-MAP21 grant award was for \$514,121. The Town will provide \$128,530 of local funds to complete the project. The Town applied for and granted a DHCD-CDBG Planning Grant for \$60,000 for the Park Street Community Improvement Project, Phase I. The Town submitted a funding request on June 12, 2024, to CDBG for the \$1,750,000 grant.

The Town has been able to sustain low utility rates by having several large users on the system that are able to fund a large portion of the Town's fixed operating costs. Even the Town's out-of-town water and sewer rates are lower than the average and median in-town rates for municipal systems in Virginia. The repercussions of the Covid pandemic have caused a supply and demand environment which has altered the cost of materials and equipment. The Town has increased rates at a rapid pace because of the additional regulatory requirements and supply cost increases.

The Town completed the installation of the 125 Kw emergency generator during fiscal year 2024 at the Town office for a cost of \$191,622. The generator serves as the emergency power supply for the Town Office and the Fire Department.

Future anticipated projects and needs include: upgrading the water line to the Alberta pump station in order to deliver 500 gallons per minute (gpm) to the Alberta and interstate area; water line extensions along Lawrenceville Hills, Blueberry Court, Rose Drive, and Poorhouse Road; replacing the thirty fire hydrants that are not in compliance with the Lawrenceville standard; upgrade the wastewater treatment plant to add 1 million gallons of capacity; upgrade water distribution system within the Town of Alberta; fund a full-time code enforcement official position; plans to turn the old shop into a place for a rest stop for the Rails to Trails; developing the old Turntable area into a park after purchasing the property from Norfolk and Southern Railroad; resolution to the recent testing of the IDA North water system that indicates an issue with TTHMs; and other possible water and sewer issues that surface from time to time.

The Town has successfully funded many projects over a period of years and has been successful at expanding the utility system through grants and connection fees; these construction projects were completed without having to increase rates to support the expansion and, in part, due to the large water and sewer users on the system. The Town employs 22 full-time and 6 part-time people. We are grateful for the dedication, knowledge, and hard work that these people devote to our Town. During fiscal 2023, Mr. Randall W. Lynch became the Interim Town Manager and was appointed by Council in July 2023 as the Town Manager.

The Town's management desires to maintain rates and fees at levels that provide needed services to Town citizens and other users at a good value while at the same time keeping rates and fees at sufficient levels to maintain the financial health of the Town and to provide funds to properly maintain the Town's infrastructure.

Financial Highlights

- At the close of the fiscal year, the assets and deferred outflows of resources of the Town's governmental activities exceeded its liabilities and deferred inflows of resources by \$1,389,933. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$18,557,672.
- The Town's total net position increased by \$258,302 during the current fiscal year. Of this amount, a decrease of \$464,650 is related to governmental activities and an increase of \$722,952 is attributed to business-type activities.
- As of June 30, 2024, the Town's Governmental Funds reported a combined ending fund balance deficit of \$1,663,008, an increase of \$523,434 in comparison with the prior year.
- At the end of fiscal year 2024, the general fund unassigned fund balance was a deficit of \$1,744,196.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using accounting methods similar to those found in the private sector. They also report the Town's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the Town's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the Town's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the Town's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the Town's property tax base and the condition of Town facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the Town's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide financial statements distinguish governmental activities from business-type activities identified as the primary government. The governmental activities of the Town include general government administration, public safety, public works, parks, recreation and cultural, and community development. Public utilities represent the business-type activities.

Furthermore, the government-wide financial statements include a legally separate entity, the Economic Development Authority of the Town of Lawrenceville, Virginia, for which the Town is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single aggregated presentation.

The Town has two types of funds:

Governmental Funds - Most of the Town's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Special Revenue Cemetery Fund, both of which are considered to be major funds.

Proprietary Funds – The Town uses an Enterprise Fund which operates in a manner similar to private business enterprises. Costs are recovered primarily through user charges. Proprietary Fund financial statements provide both long and short-term financial information.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules and combining financial statements.

Governmental accounting and reporting standards also require reporting certain information about the Town's other postemployment benefits as required supplementary information. The Town has elected to include this information within the notes to the basic financial statements.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position As of June 30, 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>
Assets						
Current and other assets	\$ 242,203	\$ 227,022	\$ 3,556,214	\$ 2,868,779	\$ 3,798,417	\$ 3,095,801
Capital assets (net)	<u>3,891,957</u>	<u>4,044,695</u>	<u>20,116,977</u>	<u>20,443,618</u>	<u>24,008,934</u>	<u>24,488,313</u>
Total Assets	<u>4,134,160</u>	<u>4,271,717</u>	<u>23,673,191</u>	<u>23,312,397</u>	<u>27,807,351</u>	<u>27,584,114</u>
Deferred Outflows of Resources	<u>107,447</u>	<u>97,718</u>	<u>91,531</u>	<u>83,241</u>	<u>198,978</u>	<u>180,959</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,241,607</u>	<u>\$ 4,369,435</u>	<u>\$ 23,764,722</u>	<u>\$ 23,395,638</u>	<u>\$ 28,006,329</u>	<u>\$ 27,765,073</u>
Liabilities						
Other liabilities	\$ 1,836,382	\$ 1,306,578	\$ 76,007	\$ 83,654	\$ 1,912,389	\$ 1,390,232
Long-term liabilities	<u>884,605</u>	<u>915,770</u>	<u>5,022,393</u>	<u>5,232,129</u>	<u>5,906,998</u>	<u>6,147,899</u>
Total Liabilities	<u>2,720,987</u>	<u>2,222,348</u>	<u>5,098,400</u>	<u>5,315,783</u>	<u>7,819,387</u>	<u>7,538,131</u>
Deferred Inflows of Resources	<u>130,687</u>	<u>292,504</u>	<u>108,650</u>	<u>245,135</u>	<u>239,337</u>	<u>537,639</u>
Net Position						
Net investment in capital assets	3,146,213	3,218,717	15,182,913	15,258,021	18,329,126	18,476,738
Restricted	-	-	957,723	986,399	957,723	986,399
Unrestricted (deficit)	<u>(1,756,280)</u>	<u>(1,364,134)</u>	<u>2,417,036</u>	<u>1,590,300</u>	<u>660,756</u>	<u>226,166</u>
Total Net Position	<u>1,389,933</u>	<u>1,854,583</u>	<u>18,557,672</u>	<u>17,834,720</u>	<u>19,947,605</u>	<u>19,689,303</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 4,241,607</u>	<u>\$ 4,369,435</u>	<u>\$ 23,764,722</u>	<u>\$ 23,395,638</u>	<u>\$ 28,006,329</u>	<u>\$ 27,765,073</u>

Statement of Activities

The following table summarizes revenues and expenses for the primary government:

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2024 and 2023

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program Revenues						
Charges for services	\$ 169,005	\$ 149,168	\$ 3,588,187	\$ 2,916,090	\$ 3,757,192	\$ 3,065,258
Operating grants and contributions	199,612	1,114,947	-	228,260	199,612	1,343,207
General Revenues						
General property taxes, real and personal	283,931	276,189	-	-	283,931	276,189
Other taxes	478,034	416,229	-	-	478,034	416,229
Grants and contributions not restricted to specific programs	73,663	72,697	-	-	73,663	72,697
Unrestricted revenue from use of money and property	120,709	17,654	5,552	2,266	126,261	19,920
Miscellaneous	20,436	16,078	158,014	7,339	178,450	23,417
Total Revenues	1,345,390	2,062,962	3,751,753	3,153,955	5,097,143	5,216,917
Expenses						
General government administration	474,189	123,393	-	-	474,189	123,393
Public safety	802,319	1,147,582	-	-	802,319	1,147,582
Public works	569,830	857,138	-	-	569,830	857,138
Parks, recreation, and cultural	30,439	25,891	-	-	30,439	25,891
Community development	85,213	233,784	-	-	85,213	233,784
Water and sewer	-	-	2,855,139	2,794,996	2,855,139	2,794,996
Interest on long-term debt	21,712	13,416	-	-	21,712	13,416
Total Expenses	1,983,702	2,401,204	2,855,139	2,794,996	4,838,841	5,196,200
Change in Net Position Before Transfers	(638,312)	(338,242)	896,614	358,959	258,302	20,717
Transfers	173,662	480,943	(173,662)	(480,943)	-	-
Change in Net Position	(464,650)	142,701	722,952	(121,984)	258,302	20,717
Beginning Net Position	1,854,583	1,711,882	17,834,720	17,866,704	19,689,303	19,578,586
Non-Cash Capital Contributions	-	-	-	90,000	-	90,000
Ending Net Position	\$ 1,389,933	\$ 1,854,583	\$ 18,557,672	\$ 17,834,720	\$ 19,947,605	\$ 19,689,303

Governmental activities decreased the Town's net position by \$464,650 for fiscal year 2024. Revenues from governmental activities totaled \$1,345,390. Other taxes comprise the largest source of these revenues, totaling \$478,034 or 35.53% of all governmental activities revenue.

The total cost of all governmental activities for this fiscal year was \$1,983,702. Public safety was the Town's largest program with expenses totaling \$802,319. Public works, which totals \$569,830, represents the second largest expense.

For the Town's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>2024</u>		<u>2023</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 474,189	\$ (474,189)	\$ 123,393	\$ (123,393)
Public safety	802,319	(539,212)	1,147,582	(247,398)
Public works	569,830	(487,341)	857,138	(723,305)
Parks, recreation, and cultural	30,439	(30,439)	25,891	(25,891)
Community development	85,213	(62,192)	233,784	(3,686)
Interest on long-term debt	<u>21,712</u>	<u>(21,712)</u>	<u>13,416</u>	<u>(13,416)</u>
Total	<u>\$ 1,983,702</u>	<u>\$ (1,615,085)</u>	<u>\$2,401,204</u>	<u>\$ (1,137,089)</u>

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The Town's governmental funds reported a combined ending fund balance deficit of \$1,663,008. The combined governmental fund balance deficit increased \$523,434 from the prior year.

The General Fund is the main operating fund of the Town. At the end of the current fiscal year, the General Fund had an unassigned fund balance deficit of \$1,744,196.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2024 and 2023

	<u>Original Budget</u>	<u>2024 Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>2023 Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 249,000	\$ 249,000	\$ 255,578	\$ 249,000	\$ 249,000	\$ 265,320
Other	610,900	610,900	787,937	621,900	619,500	615,068
Intergovernmental	<u>93,000</u>	<u>458,000</u>	<u>273,275</u>	<u>134,000</u>	<u>512,500</u>	<u>1,187,644</u>
Total Revenues	952,900	1,317,900	1,316,790	1,004,900	1,381,000	2,068,032
Expenditures	<u>2,466,901</u>	<u>2,831,901</u>	<u>2,016,038</u>	<u>2,091,691</u>	<u>2,453,253</u>	<u>2,850,215</u>
Excess (Deficiency) of Revenues over Expenditures	(1,514,001)	(1,514,001)	(699,248)	(1,086,791)	(1,072,253)	(782,183)
Other Financing Sources (Uses)						
Contingency/surplus	1,514,001	1,514,001	-	1,086,791	1,072,253	-
Issuance of debt	-	-	-	-	-	285,000
Transfers	<u>-</u>	<u>-</u>	<u>173,662</u>	<u>-</u>	<u>-</u>	<u>480,943</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (525,586)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,240)</u>

Final budget revenues were more than the original budget by \$365,000.

The final budget appropriations for expenditures exceeded the original appropriation by \$365,000.

Actual revenues were less than final budget amounts by \$1,110, or 0.08%, while actual expenditures were \$815,863, or 28.81% less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2024, the Town's governmental activities net capital assets total \$3,891,957, which represents a net decrease of \$152,738 or 3.78% over the previous fiscal year-end balance. The business-type activities net capital assets total \$20,116,977, a net decrease of \$340,232 or 1.66% over the previous fiscal year as summarized in the following table:

Change in Capital Assets

Governmental Activities

	<u>Balance July 1, 2023</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2024</u>
Land and land improvements	\$ 1,205,925	\$ -	\$ 1,205,925
Buildings and improvements	1,004,662	-	1,004,662
Infrastructure - streets, sidewalks, and systems	1,057,357	-	1,057,357
Furniture, equipment, and vehicles	<u>4,108,182</u>	<u>217,396</u>	<u>4,325,578</u>
Total Capital Assets	7,376,126	217,396	7,593,522
Less: Accumulated depreciation and amortization	<u>(3,331,431)</u>	<u>(370,134)</u>	<u>(3,701,565)</u>
Net Capital Assets	<u>\$ 4,044,695</u>	<u>\$ (152,738)</u>	<u>\$ 3,891,957</u>

Business-Type Activities

	<u>Balance July 1, 2023</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2024</u>
Buildings and infrastructure systems	\$ 29,420,486	\$ 161,623	\$ 29,582,109
Furniture, equipment, and vehicles	815,569	-	815,569
Total Capital Assets	30,236,055	161,623	30,397,678
Less: Accumulated depreciation and amortization	(9,778,846)	(501,855)	(10,280,701)
Net Capital Assets	<u>\$ 20,457,209</u>	<u>\$ (340,232)</u>	<u>\$ 20,116,977</u>

Long-Term Debt

As of June 30, 2024, the Town's long-term obligations total \$5,739,744.

	<u>Balance July 1, 2023</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2024</u>
Governmental Activities			
Long-term debt	\$ 825,978	\$ (80,234)	\$ 745,744
Compensated absences	49,270	(726)	48,544
Total Governmental Activities	875,248	(80,960)	794,288
Business-Type Activities			
Long-term debt	5,185,597	(251,533)	4,934,064
Compensated absences	12,013	(621)	11,392
Total Business-Type Activities	5,197,610	(252,154)	4,945,456
Total Debt - All Funds	<u>\$ 6,072,858</u>	<u>\$ (333,114)</u>	<u>\$ 5,739,744</u>

More detailed information on the Town's long-term obligations is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal-year 2025 budget.

The average unemployment rate for the Town of Lawrenceville, Virginia, which uses Brunswick County's rate, in June 2024, was 4.4%. This compares unfavorably to the state's rate of 3.0% and to the national rate of 4.3%.

According to the 2020 U.S. Census, the population in the Town of Lawrenceville, Virginia was 1,014.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2025, which accounts for most of the Town's operational costs. The fiscal year 2025 adopted budget anticipates General Fund revenues and expenditures to be \$2,256,827 an 8.52% decrease over the fiscal year 2024 original budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the Town Manager, Town of Lawrenceville, Virginia, 400 N. Main Street, Lawrenceville, Virginia 23868, telephone 434-848-2414, or visit the Town's website at www.lawrencevilleweb.com.

BASIC FINANCIAL STATEMENTS

Town of Lawrenceville, Virginia

Statement of Net Position

At June 30, 2024

	<u>Primary Government</u>			<u>Component Unit EDA</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Assets				
Current Assets				
Cash and cash equivalents	\$ 118,934	\$ 2,424,073	\$ 2,543,007	\$ 96,331
Receivables, net	113,818	174,418	288,236	-
Due from other governments	9,451	-	9,451	-
Total Current Assets	242,203	2,598,491	2,840,694	96,331
Capital Assets				
Capital assets, not depreciated	1,205,925	-	1,205,925	3,400
Other capital assets, net of accumulated depreciation	2,686,032	20,116,977	22,803,009	173,679
Capital Assets, Net	3,891,957	20,116,977	24,008,934	177,079
Other Assets				
Restricted cash	-	957,723	957,723	-
Total Other Assets	-	957,723	957,723	-
Total Assets	4,134,160	23,673,191	27,807,351	273,410
Deferred Outflows of Resources				
Pension	90,583	77,164	167,747	-
Other post employment benefits	16,864	14,367	31,231	-
Total Deferred Outflows of Resources	107,447	91,531	198,978	-
Total Assets and Deferred Outflows of Resources	\$ 4,241,607	\$ 23,764,722	\$ 28,006,329	\$ 273,410
Liabilities				
Current Liabilities				
Pooled cash deficit	\$ 1,805,613	\$ -	\$ 1,805,613	\$ -
Accounts payable and accrued expenses	30,769	42,299	73,068	-
Customer deposits	-	33,708	33,708	-
Total Current Liabilities	1,836,382	76,007	1,912,389	-
Long-Term Liabilities				
<i>Due within one year</i>				
Bonds, loans, and other	84,358	384,661	469,019	-
Compensated absences	4,854	1,139	5,993	-
<i>Due in more than one year</i>				
Compensated absences	43,690	10,253	53,943	-
Net pension liability	48,580	41,382	89,962	-
Net other post employment benefits liability	41,737	35,555	77,292	-
Bonds, loans, and other	661,386	4,549,403	5,210,789	-
Total Long-Term Liabilities	884,605	5,022,393	5,906,998	-
Total Liabilities	2,720,987	5,098,400	7,819,387	-
Deferred Inflows of Resources				
Pension	116,142	98,935	215,077	-
Other post employment benefits	11,401	9,715	21,116	-
Property taxes	3,144	-	3,144	-
Total Deferred Inflows of Resources	130,687	108,650	239,337	-
Net Position				
Net investment in capital assets	3,146,213	15,182,913	18,329,126	177,079
Restricted for capital projects	-	957,723	957,723	-
Unrestricted (deficit)	(1,756,280)	2,417,036	660,756	96,331
Total Net Position	1,389,933	18,557,672	19,947,605	273,410
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 4,241,607	\$ 23,764,722	\$ 28,006,329	\$ 273,410

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

Town of Lawrenceville, Virginia

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit EDA
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary Government								
Governmental Activities								
General government administration	\$ 474,189	\$ -	\$ -	\$ -	\$ (474,189)		\$ (474,189)	
Public safety	802,319	86,516	176,591	-	(539,212)		(539,212)	
Public works	569,830	82,489	-	-	(487,341)		(487,341)	
Parks, recreation, and cultural	30,439	-	-	-	(30,439)		(30,439)	
Community development	85,213	-	23,021	-	(62,192)		(62,192)	
Debt service	21,712	-	-	-	(21,712)		(21,712)	
Total Governmental Activities	1,983,702	169,005	199,612	-	(1,615,085)		(1,615,085)	
Business-Type Activities								
Proprietary funds - Water and Sewer	2,855,139	3,588,187	-	-		\$ 733,048	733,048	
Total Business-Type Activities	2,855,139	3,588,187	-	-		733,048	733,048	
Total Primary Government	\$ 4,838,841	\$ 3,757,192	\$ 199,612	\$ -			(882,037)	
Component Unit								
EDA	\$ 167,226	\$ -	\$ -	\$ -				\$ (167,226)
General Revenues								
Taxes								
General property taxes, real and personal					283,931	-	283,931	-
Other local taxes					478,034	-	478,034	-
Grants and contributions not restricted to specific programs					73,663	-	73,663	-
Unrestricted revenue from use of money and property					120,709	5,552	126,261	6,000
Miscellaneous					20,436	158,014	178,450	-
Transfers					173,662	(173,662)	-	-
Total General Revenues and Transfers					1,150,435	(10,096)	1,140,339	6,000
Change in Net Position					(464,650)	722,952	258,302	(161,226)
Net Position - Beginning of Year					1,854,583	17,834,720	19,689,303	434,636
Net Position - End of Year					\$ 1,389,933	\$ 18,557,672	\$ 19,947,605	\$ 273,410

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

Town of Lawrenceville, Virginia

Balance Sheet

Governmental Funds

At June 30, 2024

	General Fund	Special Revenue Cemetery Fund	Total Governmental Funds
Assets			
Cash and investments	\$ 37,746	\$ 81,188	\$ 118,934
Property taxes receivable, net	67,645	-	67,645
Other receivables	46,173	-	46,173
Due from other governments	9,451	-	9,451
	<u>161,015</u>	<u>81,188</u>	<u>242,203</u>
Total Assets	\$ 161,015	\$ 81,188	\$ 242,203
Liabilities			
Pooled cash deficit	\$ 1,805,613	\$ -	\$ 1,805,613
Accounts payable and accrued liabilities	30,769	-	30,769
	<u>1,836,382</u>	<u>-</u>	<u>1,836,382</u>
Total Liabilities	1,836,382	-	1,836,382
Deferred Inflows of Resources			
Unavailable revenue	68,829	-	68,829
	<u>68,829</u>	<u>-</u>	<u>68,829</u>
Total Deferred Inflows of Resources	68,829	-	68,829
Fund Balance (Deficit)			
Assigned	-	81,188	81,188
Unassigned (deficit)	(1,744,196)	-	(1,744,196)
	<u>(1,744,196)</u>	<u>81,188</u>	<u>(1,663,008)</u>
Total Fund Balance (Deficit)	(1,744,196)	81,188	(1,663,008)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 161,015	\$ 81,188	\$ 242,203

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

Town of Lawrenceville, Virginia

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

At June 30, 2024

Total Fund Balances for Governmental Funds	\$ (1,663,008)
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Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 1,205,925
Infrastructure - streets, sidewalks, systems	786,744
Buildings and improvements, net of accumulated depreciation	503,337
Furniture, equipment, and vehicles, net of accumulated depreciation	<u>1,395,951</u>

Total Capital Assets	3,891,957
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Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - property taxes	65,685
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Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	90,583
Deferred inflows of resources related to pensions	(116,142)
Deferred outflows of resources related to OPEB	16,864
Deferred inflows of resources related to OPEB	<u>(11,401)</u>

Total Deferred Outflows and Inflows of Resources	(20,096)
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Liabilities applicable to the Town's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Long-term liabilities, including bonds payable	(745,744)
Net pension liability/asset	(48,580)
OPEB obligation	(41,737)
Compensated absences	<u>(48,544)</u>

Total	<u>(884,605)</u>
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Total Net Position of Governmental Activities	<u>\$ 1,389,933</u>
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The accompanying notes to the financial statements are an integral part of this statement.

Town of Lawrenceville, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficit)

Governmental Funds

Year Ended June 30, 2024

	General Fund	Special Revenue Cemetery Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 255,578	\$ -	\$ 255,578
Other local taxes	478,034	-	478,034
Fines and forfeitures	86,516	-	86,516
Use of money and property	119,957	752	120,709
Charges for services	82,489	-	82,489
Recovered costs	1,905	-	1,905
Miscellaneous	19,036	1,400	20,436
<i>Intergovernmental</i>			
Revenue from the Commonwealth of Virginia	126,451	-	126,451
Revenue from the Federal Government	<u>146,824</u>	<u>-</u>	<u>146,824</u>
Total Revenues	1,316,790	2,152	1,318,942
Expenditures			
Current			
General government administration	440,198	-	440,198
Public safety	645,655	-	645,655
Public works	712,587	-	712,587
Parks, recreation, and cultural	30,439	-	30,439
Community development	85,213	-	85,213
Debt service	<u>101,946</u>	<u>-</u>	<u>101,946</u>
Total Expenditures	<u>2,016,038</u>	<u>-</u>	<u>2,016,038</u>
Excess (Deficiency) of Revenues Over Expenditures	(699,248)	2,152	(697,096)
Other Financing Sources (Uses)			
Transfers	<u>173,662</u>	<u>-</u>	<u>173,662</u>
Total Other Financing Sources (Uses)	<u>173,662</u>	<u>-</u>	<u>173,662</u>
Net Change in Fund Balance	(525,586)	2,152	(523,434)
Fund Balance (Deficit) - Beginning of Year	<u>(1,218,610)</u>	<u>79,036</u>	<u>(1,139,574)</u>
Fund Balance (Deficit) - End of Year	<u>\$ (1,744,196)</u>	<u>\$ 81,188</u>	<u>\$ (1,663,008)</u>

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

Town of Lawrenceville, Virginia

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

Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ (523,434)

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

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capitalized assets	\$ 217,396	
Depreciation	<u>(370,134)</u>	
		(152,738)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts deferred in the fund financial statements, but recognized in the Statement of Activities.

28,353

Bonds, long-term purchase obligations, and lease proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

Repayments on debt	<u>80,234</u>	
Net Adjustment		80,234

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in the following accounts are as follows:

Net pension asset/obligation	(66,530)	
Deferred inflows - pension	155,641	
Deferred outflows - pension	10,830	
Deferred outflows - OPEB	(1,101)	
Deferred inflows - OPEB	4,584	
Other postemployment benefits	<u>(1,215)</u>	
Net Adjustment		102,209

Under the modified accrual basis of accounting used in the Governmental Funds, expenditures are not recognized for transactions that are not normally paid with expendable financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net changes of the following:

Compensated absences	<u>726</u>	
Net Adjustment		<u>726</u>

Change in Net Position of Governmental Activities \$ (464,650)

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

Town of Lawrenceville, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2024

**Business-Type
Activities -
Enterprise Fund
Water and Sewer
Fund**

Assets**Current Assets**

Cash and cash equivalents	\$ 2,424,073
Receivables	174,418
Prepaid expenses	-
Total Current Assets	2,598,491

Noncurrent Assets

Other capital assets, net of accumulated depreciation	20,116,977
Total Noncurrent Assets	20,116,977

Other Assets

Restricted cash	957,723
Net pension asset	-
Total Other Assets	957,723

Deferred Outflows of Resources

Pension	77,164
Other post employment benefits	14,367
Total Deferred Outflows of Resources	91,531

Total Assets and Deferred Outflows of Resources	\$ 23,764,722
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Liabilities**Current Liabilities**

Accounts payable and accrued expenses	\$ 42,299
Customer deposits	33,708
Compensated absences - current	1,139
Notes payable and capital leases - current	384,661
Total Current Liabilities	461,807

Noncurrent Liabilities

Compensated absences, net of current portion	10,253
Net pension liability	41,382
Net other post employment benefits liability	35,555
Notes payable, net of current portion	4,549,403
Total Noncurrent Liabilities	4,636,593

Total Liabilities	5,098,400
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Deferred Inflows of Resources

Pension	98,935
Other post employment benefits	9,715
Total Deferred Inflows of Resources	108,650

Net Position

Net investment in capital assets	15,182,913
Restricted	957,723
Unrestricted	2,417,036
Total Net Position	18,557,672

Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 23,764,722
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The accompanying notes to the financial statements are an integral part of this statement.

Town of Lawrenceville, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2024

**Business-Type
Activities -
Enterprise Fund
Water and Sewer
Fund**

Operating Revenues

Charges for services, net	\$ 3,542,998
Connection and other fees	45,189
Miscellaneous	<u>158,014</u>
Total Operating Revenues	3,746,201

Operating Expenses

Salaries and wages	715,470
Fringe benefits	113,886
Fees and permits	22,750
Office supplies	6,999
Engineering fees	66,262
Repairs and maintenance	211,837
Materials and supplies	534,835
Utilities and telephone	246,426
Insurance	42,084
Miscellaneous	17,356
Depreciation	<u>553,710</u>
Total Operating Expenses	<u>2,531,615</u>

Operating Income	1,214,586
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Nonoperating Revenues (Expenses)

Interest income	5,552
Interest expense	<u>(323,524)</u>

Total Nonoperating Revenues (Expenses)	<u>(317,972)</u>
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Income Before Operating Transfers	896,614
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Operating Transfers In (Out)	<u>(173,662)</u>
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Change in Net Position	722,952
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Total Net Position - Beginning of Year	<u>17,834,720</u>
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Total Net Position - End of Year	<u><u>\$ 18,557,672</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

Town of Lawrenceville, Virginia

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2024

	Business-Type Activities - Enterprise Fund Water and Sewer Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 3,585,373
Other receipts	158,014
Payments to personnel and suppliers	<u>(2,055,797)</u>
Net Cash Provided by Operating Activities	1,687,590
Cash Flows from Noncapital Financing Activities	
Transfer from (to) other funds	<u>(173,662)</u>
Net Cash Used in Noncapital Financing Activities	(173,662)
Cash Flows from Capital and Related Financing Activities	
Repayment of long-term debt - principal	(3,487,533)
Repayment of long-term debt - interest	(323,524)
Proceeds of long-term debt	3,236,000
Purchase of capital assets	(213,478)
Gain/(Loss) on sale of assets	<u>(13,591)</u>
Net Cash Used in Capital and Related Financing Activities	(802,126)
Cash Flows from Investing Activities	
Interest income	<u>5,552</u>
Net Cash Provided by Investing Activities	<u>5,552</u>
Net Increase in Cash and Cash Equivalents	717,354
Cash and Cash Equivalents - Beginning of Year	<u>2,664,442</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 3,381,796</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 1,214,586
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>	
Depreciation expense	553,710
<i>Changes in assets and liabilities</i>	
Receivables, net	(3,406)
Prepaid expenses	18,034
Compensated absences	(621)
Deferred outflows - pension	(9,227)
Deferred outflows - OPEB	937
Net pension liability	56,673
Deferred inflows - pension	(132,583)
Deferred inflows - OPEB	(3,902)
Net other post employment benefits	1,036
Accounts payable and accrued expenses	(8,239)
Customer deposits	<u>592</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,687,590</u></u>

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

Town of Lawrenceville, Virginia

Notes to the Financial Statements

Year Ended June 30, 2024

1 Summary of Significant Accounting Policies

Narrative Profile

The Town of Lawrenceville, Virginia (the "Town"), which was founded in 1814, has a population of approximately 1,014 living within an area of 1.142 square miles. The Town is the County Seat of Brunswick County, Virginia. The Town is governed by a Town Manager and a seven-member Town Council with each serving administrative and legislative functions.

The Town engages in a comprehensive range of municipal services, including general government administration, public safety, public works, and community development.

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

1-A. Financial Reporting Entity

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

Individual Component Unit Disclosures

Discretely Presented Component Unit

Economic Development Authority of the Town of Lawrenceville, Virginia

A seven-member board appointed by the Town Council of the Town of Lawrenceville, Virginia governs the Authority. The directors are to serve staggered terms of one to four years each.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. The Authority may retain liability under the bonds or it may be assumed by the enterprise for which facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be secured by a deed of trust on those facilities.

1-B. Financial Reporting Model

The Town's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, and required and other supplementary information, described as follows:

Management's Discussion and Analysis – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the Town's financial activities.

Government-wide Financial Statements – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the Town as a whole. The primary government and the component unit are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the Town's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of the primary government are not included in the government-wide financial statements.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the Town and its discretely presented component unit at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities and for each identifiable activity of the business-type activities of the Town. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The Town does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not considered to be program revenues are reported as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the Town.

Fund Financial Statements – During the year, the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and proprietary funds are reported in separate columns.

Reconciliation of Government-wide and Fund Financial Statements – Since the governmental funds financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds balance sheet and total governmental activities net position as shown on the government-wide Statement of Net Position is presented. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, and the change in net position of governmental activities as shown on the government-wide Statement of Activities is presented.

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The Town and many other governments revise their original budgets over the course of the year for a variety of reasons.

GASB-Required Supplementary Pension – GASB Statement No. 68-- *Accounting and Financial Reporting for Pensions*-- an amendment of GASB No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

GASB-Required Supplementary OPEB – GASB issued Statement No. 75-- *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

1-C. Financial Statement Presentation

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

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The Town reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the Town's major governmental funds:

- **General Fund** – The General Fund is the primary operating fund of the Town and accounts for all revenues and expenditures applicable to the general operations of the Town which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants.
- **Special Revenue Funds** – Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:
 - **Cemetery Fund** – This fund accounts for Town revenues collected and disbursed for maintenance of the Cemetery Fund controlled by the Town.
- **Capital Projects Funds** – Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. The Town has no capital projects funds at this time.
- **Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Town has one enterprise fund, the Water and Sewer Fund, which accounts for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Town is that the cost of providing services to the general public be financed or recovered through user charges.
- **Fiduciary Funds (Custodial Funds)** – Fiduciary funds account for assets held by the Town in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The Town has no Fiduciary Funds at this time.
- **Component Unit (Economic Development Authority of the Town of Lawrenceville, Virginia)**
 The Economic Development Authority of the Town of Lawrenceville, Virginia has the following fund:

Proprietary Fund – This fund has a total net position of \$18,557,672.

1-D. Measurement Focus and Basis of Accounting

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use unrestricted resources first, and then restricted resources as they are needed.

1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1-E-1 Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

The Town allocates investment earnings of the cash and investment pool to each participating fund on a monthly basis in accordance with that fund's average equity balance in the pool for that month.

1-E-2 Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

1-E-3 Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portions of the interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statement as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The Town calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to \$128,465 at June 30 for property taxes.

General Fund - taxes receivable	\$ 196,110
Less: Allowance for uncollectibles	<u>(128,465)</u>
Net Taxes Receivable	<u>\$ 67,645</u>

Real and Personal Property Tax Data

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

Real Property Personal Property

Levy	January 1	January 1
Due Date	January 5	January 5
Lien Date	January 5	January 5

The Town bills and collects its own property taxes.

A 10% penalty or \$10 minimum is levied on all taxes not collected on or before their due date. An interest charge of 10% per annum is also levied on such taxes on the 6th of each month, beginning on January 6.

1-E-4 *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as non-spendable as this amount is not available for general appropriation.

1-E-5 *Capital Assets*

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The Town reports these assets in the governmental activities column of the government-wide Statement of Net Position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the enterprise funds' Statement of Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Town's infrastructure consists primarily of roads and bridges. Improvements to capital assets are capitalized; however, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Capital assets of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings and improvements	20 to 40 years
Furniture, machinery, and equipment (includes vehicles)	7 to 20 years
Infrastructure	60 years

At the inception of capital leases at the governmental fund reporting level, expenditures and an "other financing source" of an equal amount are reported at the net present value of future minimum lease payments.

1-E-6 Deferred Outflows/Inflows of Resources

The Statement of Net Position includes a separate section for Deferred Outflows of Resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category also includes amounts related to pensions for certain actuarially determined differences between projected and actual investment earnings.

The Statement of Net Position also includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenue received in advance, and amounts related to pensions for certain actuarially determined differences between projected and actual experience.

Deferred Inflows of Resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans, and notes receivable. The Town considers revenues available if they are collected within 60 days of the end of the fiscal year.

1-E-7 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Town will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

1-E-8 Pensions

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

1-E-9 Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of

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

1-E-10 Health Insurance Credit Program

The Political Subdivision Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Health Insurance Credit Program OPEB, and the Political Subdivision Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Political Subdivision Health Insurance Credit Program; and the additions to/deductions from the VRS Political Subdivision Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-11 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

Governmental Fund Balances – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

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

Fund Balance Flow Assumptions – Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-12 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Town, these revenues are charges for services or utilities. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All other items that do not directly relate to the principal and usual activity of the fund are recorded as non-operating revenues and expenses. These items include investment earnings and gains or losses on the disposition of capital assets.

1-E-13 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

1-E-14 Long-Term Obligations

The Town reports long-term debt of Governmental Funds at face value in the general long-term debt account group. The face value of the debt is believed to approximate fair value. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities in the appropriate funds.

1-E-15 Adoption of New GASB Statements

The Town adopted the following GASB statements during the year ended June 30, 2024:

In April 2022, GASB Issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the Town.

In June 2022, GASB Issued Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement are effective for the fiscal year ending June 30, 2024 for the Town.

1-F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Town Council annually adopts budgets for the various funds of the primary government and Component Unit. All appropriations are legally controlled at the department level for the primary Government Funds. The Component Unit appropriation is determined by the Town Council and is controlled in total by the primary government. Unexpended appropriations lapse at the end of each fiscal year.

Budgetary Data

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

1. Prior to April 1, the Town Manager submits to the Town Council a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Town Council.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component unit.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.

Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations in the General Fund.

A formal budget is not adopted for the Cemetery Fund.

Fund Deficits

The General Fund had a fund balance deficit of \$1,744,196 at the end of the year.

3 **Deposits and Investments**

Deposits

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

Investments

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

The Town does not have a formal investment policy addressing the various types of risks associated with investments.

The Town currently holds no investments. Therefore, interest and concentration of credit risk is not applicable.

The following is a summary of cash and cash equivalents:

<u>Asset Type</u>	<u>Balance June 30, 2024</u>
Petty cash	\$ 200
Deposit accounts	<u>1,694,917</u>
Total Cash and Cash Equivalents	<u>\$ 1,695,117</u>

4 Receivables

Receivables at June 30, 2024 consist of the following:

	<u>Primary Government</u>		
	<u>Governmental Activities General</u>	<u>Business-Type Activities</u>	<u>Component Unit</u>
Property taxes	\$ 196,110	\$ -	\$ -
Garbage	17,805	-	-
Other	28,368	-	-
Water and sewer	<u>-</u>	<u>174,418</u>	<u>-</u>
Total	242,283	174,418	-
Allowance for uncollectibles	<u>(128,465)</u>		
Net Receivables	<u>\$ 113,818</u>	<u>\$ 174,418</u>	<u>\$ -</u>

5 Interfund Transfers

As of June 30, 2024, interfund transfers consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>
Primary Government		
General Fund		
From Enterprise Fund for operating costs and debt service	\$ 173,662	\$ -
Enterprise Fund		
To General Fund for operating costs and debt service	<u>-</u>	<u>173,662</u>
Total Transfers	<u>\$ 173,662</u>	<u>\$ 173,662</u>

6 Due from Other Governmental Units

Details of the Town's receivables from other governmental units, as of June 30, 2024, are as follows:

	<u>Governmental Activities</u>
Commonwealth of Virginia	
Sales tax	\$ 6,634
Communications tax	<u>2,817</u>
	<u>\$ 9,451</u>

7 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets Not Being Depreciated				
Land and land improvements	\$ 1,205,925	\$ -	\$ -	\$ 1,205,925
Total Capital Assets Not Being Depreciated	1,205,925	-	-	1,205,925
Other Capital Assets				
Buildings and improvements	1,004,662	-	-	1,004,662
Infrastructure - streets, sidewalks, systems	1,057,357	-	-	1,057,357
Furniture, equipment, and vehicles	4,108,182	217,396	-	4,325,578
Total Other Capital Assets	6,170,201	217,396	-	6,387,597
Less: Accumulated depreciation for				
Buildings and improvements	485,297	16,028	-	501,325
Infrastructure - streets, sidewalks, systems	249,378	21,235	-	270,613
Furniture, equipment, and vehicles	2,596,756	332,871	-	2,929,627
Total Accumulated Depreciation	3,331,431	370,134	-	3,701,565
Other Capital Assets, Net	2,838,770	(152,738)	-	2,686,032
Net Capital Assets	\$ 4,044,695	\$ (152,738)	\$ -	\$ 3,891,957

Depreciation expense was allocated as follows:

General government administration	\$ 71,356
Public safety	211,728
Public works	87,050
Total Depreciation Expense	\$ 370,134

Business-Type Activities

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Other Capital Assets				
Buildings and infrastructure systems	\$ 29,420,486	\$ 227,069	\$ 65,446	\$ 29,582,109
Furniture, equipment, and vehicles	815,569	-	-	815,569
Total Other Capital Assets	30,236,055	227,069	65,446	30,397,678
Less: Accumulated depreciation for				
Buildings and systems	9,198,124	533,754	51,855	9,680,023
Furniture, equipment, and vehicles	580,722	19,956	-	600,678
Total Accumulated Depreciation	9,778,846	553,710	51,855	10,280,701
Other Capital Assets, Net	20,457,209	(326,641)	13,591	20,116,977
Net Capital Assets	\$ 20,457,209	\$ (326,641)	\$ 13,591	\$ 20,116,977

Component Unit

	Balance July 1, 2023	Increases	Decreases	Balance June 30, 2024
Capital Assets Not Being Depreciated				
Land	\$ 70,800	\$ -	\$ 67,400	\$ 3,400
Total Capital Assets Not Being Depreciated	70,800	-	67,400	3,400
Other Capital Assets				
Buildings and improvements	342,995	-	114,700	228,295
Total Other Capital Assets	342,995	-	114,700	228,295
Less: Accumulated depreciation for				
Buildings and improvements	72,804	6,902	25,090	54,616
Total Accumulated Depreciation	72,804	6,902	25,090	54,616
Other Capital Assets, Net	270,191	(6,902)	89,610	173,679
Net Capital Assets	\$ 340,991	\$ (6,902)	\$ 157,010	\$ 177,079

8 Compensated Absences

Each Town employee earns vacation at the rate of a minimum of 4 hours per month up to 10 hours per month based on years of service. Sick leave is earned at the rate of 8 hours per month. Unused sick leave will not be paid to employees while they are employed or upon termination of employment. Accumulated vacation time is paid through the last day of work or upon termination. The Town has outstanding compensated absences totaling \$48,544 for the governmental activities and \$11,392 for the business-type activities.

9 Long-Term Debt

PRIMARY GOVERNMENT

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

Year(s) Ended June 30,	Governmental Funds		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 84,358	\$ 17,588	\$ 384,661	\$ 267,876
2026	71,367	15,206	991,403	225,187
2027	62,153	13,325	401,000	201,881
2028	45,609	12,041	344,000	180,860
2029	46,644	11,006	1,606,000	160,517
2030-2034	249,590	38,660	937,000	80,259
2035-2039	186,023	9,737	270,000	14,344
Compensated absences	48,544	-	11,392	-
Total	\$ 794,288	\$ 117,563	\$ 4,945,456	\$ 1,130,924

Changes in Long-Term Debt

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Primary Government					
Governmental Activities					
General Fund					
Note Payable to Benchmark Community Bank, dated August 17, 2020. Principal amount of original note is \$93,220 with interest at the rate of 3.79%, per annum, payable in sixty monthly payments of \$1,708 commencing on October 17, 2020 and continuing on the same day each month thereafter until paid in full.	\$ 44,196	\$ -	\$ 19,213	\$ 24,983	\$ 19,892
Note Payable to Benchmark Community Bank, dated March 1, 2022. Principal amount of \$108,236 with interest at the rate of 3.79% per annum, payable in 59 monthly payments of \$1,983.42 with a final payment of \$1,983.73 due March 1, 2027. Proceeds used to purchase a 2022 International dump truck.	81,335	-	19,285	62,050	21,826
Note payable with USDA Rural Development, dated November 17, 2021. Principal amount of \$225,800 with interest at the rate of 2.125%, payable in annual payments of \$17,739 over 15 years. Proceeds used to purchase 2022 Freightliner tanker truck.	212,794	-	13,217	199,577	13,496
Note payable with USDA Rural Development, dated December 21, 2021. Principal amount of \$215,000 with interest at the rate of 2.125%, payable in annual payments of \$16,891 over 15 years. Proceeds used to purchase 2007 Pierce ladder truck.	202,653	-	12,585	190,068	12,852
Note payable with USDA Rural Development, dated July 26, 2022. Principal amount of \$285,000 with interest at the rate of 2.50%, payable in annual payments of \$23,020 over 15 years. Proceeds used to purchase 2006 Spartan fire truck.	285,000	-	15,934	269,066	16,292
Subtotal	825,978	-	80,234	745,744	84,358
Compensated absences	49,270	-	726	48,544	4,854
Total Governmental Activities	875,248	-	80,960	794,288	89,212
Business-Type Activities - Enterprise Funds					
Taxable Water and Sewer System Revenue Refunding Bond Series 2010. Principal amount of original issue is \$860,000 with a variable interest rate. Interest on this bond shall be payable in annual installments on each April 1 and October 1, commencing October 1, 2010. Principal shall be paid annually each October 1 until the bond is paid in full or for seventeen years, whichever occurs first. (Refinancing of Series 2002A Bond)	275,000	-	65,000	210,000	65,000

	<u>Balance</u> <u>July 1, 2023</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Due Within</u> <u>One Year</u>
Virginia Community Capital - Taxable General Obligation Bond, Series 2014A, interest payments are due semi-annually on February 1 and August 1. Interest has been capitalized for the first year, until May 22, 2015. Principal payments are due annually on February 1, commencing February 1, 2016. The final maturity is February 1, 2034. Interest rate is 4.07%. The purpose is to finance capital improvement projects, including but not limited to, water plant expansion and upgrade and the downtown parking lot project.	2,285,000	-	2,285,000	-	-
Virginia Credit Union - Taxable Utility System Revenue Bond, Series 2014B, interest payments are due semi-annually on February 1 and August 1. Interest has been capitalized for the first year, until May 22, 2015. Principal payments are due annually on February 1, commencing February 1, 2016. The final maturity is February 1, 2024. The purpose is to finance capital improvement projects, including, but not limited to, water plant expansion and upgrade and downtown parking lot. Series 2014B Bond is non-callable and has a balloon payment due on August 1, 2024.	900,000	-	900,000	-	-
Note Payable to Benchmark Community Bank, dated July 2020. Principal amount of original note is \$750,000 with interest at the rate of 3.79%, per annum, payable in fifty-nine monthly payments of \$4,464 and a final balloon payment of \$616,480 due July 2025.	672,597	-	28,533	644,064	29,661
Benchmark Community Bank - Taxable Utility System Revenue Refunding Bond, Series 2024, principal and interest payments are due semi-annually on February 1 and August 1, commencing August 1, 2024. The final maturity is February 1, 2034. Interest rate is 7.24%. (Refinancing of Series 2014B Bond)	-	928,000	-	928,000	66,000
First Citizens Bank - Taxable General Obligation Bond, Series 2023, interest payments are due semi-annually on February 1 and August 1. Principal payments are due annually on February 1, commencing February 1, 2024. The final maturity is February 1, 2029. Interest rate is 6.24%. (refinancing of Series 2014A Bond)	-	2,308,000	150,000	2,158,000	162,000
On October 4, 2016, the Town entered into an agreement with Benchmark Community Bank to make a loan in the amount of \$1,371,000 with a fixed rate of 3.49% for the first ten years. After the first ten years, the rate will reset then again every 5 years and will be tied to the Wall Street Journal Prime + 0%. The loan will be amortized over 20 years with two rate change dates at 10 years and then again at 15 years. The principal will be due annually beginning August 1, 2017, until maturity. Interest will be due annually beginning February 1, 2017, until maturity. The purpose of this loan is to provide financing for the improvements and upgrades to the Town's wastewater facility. This loan shall be secured by the revenue for the Town's Water & Sewer.	1,053,000	-	59,000	994,000	62,000
Subtotal	5,185,597	3,236,000	3,487,533	4,934,064	384,661
Compensated absences	12,013	-	621	11,392	1,139
Total Business-Type Activities	5,197,610	3,236,000	3,488,154	4,945,456	385,800
Total Debt - All Funds	\$ 6,072,858	\$ 3,236,000	\$ 3,569,114	\$ 5,739,744	\$ 475,012

Current Refunding – January 2024

The Town issued \$928,000 of refunding bonds to refund \$900,000 of outstanding bonds. The refunding was a current refunding, with the proceeds used to retire the refunded bonds within 90 days of issuance. The refunding resulted in an economic loss of \$258,040 based on the present value of the old and new debt service requirements.

Current Refunding – November 2023

The Town issued \$2,308,000 of refunding bonds to refund \$2,285,000 of outstanding bonds. The refunding was a current refunding, with the proceeds used to retire the refunded bonds within 90 days of issuance. The refunding resulted in an economic loss of \$79,764 based on the present value of the old and new debt service requirements.

10 Net Investment in Capital Assets

The “net investment in capital assets” amount reported on the government-wide Statement of Net Position as of June 30, 2024 is determined as follows:

	Governmental Activities	Business- Type Activities	Component Unit EDA
Net Investment in Capital Assets			
Cost of capital assets	\$ 7,593,522	\$ 30,397,678	\$ 231,695
Less: Accumulated depreciation	<u>3,701,565</u>	<u>10,280,701</u>	<u>54,616</u>
Book value	3,891,957	20,116,977	177,079
Less: Capital related debt	<u>745,744</u>	<u>4,934,064</u>	<u>-</u>
Net Investment in Capital Assets	<u>\$ 3,146,213</u>	<u>\$ 15,182,913</u>	<u>\$ 177,079</u>

11 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

Deferred Inflows of Resources

Primary Government

General Fund

Delinquent taxes not collected within 60 days	\$ 65,685
Prepaid property taxes - property taxes paid in advance	<u>3,144</u>

Total Deferred Inflows of Resources - Governmental Funds	<u>\$ 68,829</u>
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12 Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town joined together with other local governments in Virginia to form the Virginia Risk Sharing Association, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The Town pays an annual premium to the pool for substantially all of its insurance coverage. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The Town continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety bond coverage is as follows:

<u>Name</u>	<u>Fund</u>	<u>Amount</u>	<u>Insurance Company</u>
Blanket Coverage All employees	All Funds	\$250,000	Virginia Risk Sharing Association

13 Commitments and Contingencies

If applicable, federal programs in which the Town and the discretely presented component unit participate were audited in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

14 Litigation

At June 30, 2024, there were no matters of litigation involving the Town which would materially affect the Town's financial position should any court decisions or pending matters not be favorable to such entities.

15 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed ten percent of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Property	\$ 48,669,185
Debt Limits per Constitution of Virginia- 10% Assessed Value	\$ 4,866,919
Amount of Debt Applicable to Debt Limit Gross debt	2,903,744
Legal Debt Margin - June 30, 2024	\$ 1,963,175

NOTE: Includes all long-term general obligation bonded debt. Excludes compensated absences.

16 Pension Plan

Plan Description

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

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

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members

Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

PLAN 2

About Plan 2

Same as Plan 1

Eligible Members

Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1

Retirement Contributions

Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Service Credit

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

PLAN 2

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

HYBRID RETIREMENT PLAN

Retirement Contributions

A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit

Defined Benefit Component:

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Vesting

Defined Benefit Component:

Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

PLAN 1

Calculating the Benefit

The basic benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

HYBRID RETIREMENT PLAN

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution not required, except as governed by law until age 73.

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Defined Benefit Component:

VRS: The retirement multiplier for the defined benefit component 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.

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

PLAN 1
Normal Retirement Age

VRS: Age 65.

Political subdivisions hazardous duty employees:
Age 60.

Earliest Unreduced Retirement Eligibility

VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.

Political subdivisions hazardous duty employees:
Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

Earliest Reduced Retirement Eligibility

VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.

Political subdivisions hazardous duty employees:
Age 50 with at least five years of service credit.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

Eligibility:

For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the

PLAN 2
Normal Retirement Age

VRS: Normal Social Security retirement age.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Unreduced Retirement Eligibility

VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Earliest Reduced Retirement Eligibility

VRS: Age 60 with at least five years (60 months) of service credit.

Political subdivisions hazardous duty employees:
Same as Plan 1.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

Eligibility:

Same as Plan 1

HYBRID
RETIREMENT PLAN
Normal Retirement Age

Defined Benefit Component:
VRS: Same as Plan 2.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component:
VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equal 90.

Political subdivisions hazardous duty employees:
Not applicable.

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility

Defined Benefit Component:
VRS: Age 60 with at least five years (60 months) of service credit.

Political subdivisions hazardous duty employees:
Not applicable

Defined Contribution Component:
Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component:
Same as Plan 2

Defined Contribution Component:
Not applicable

Eligibility:

Same as Plan 1 and Plan 2

PLAN 1

Exceptions to COLA Effective Dates:

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2

Disability Coverage

Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	18
Inactive members:	
Vested inactive members	4
Non-vested inactive members	11
LTD	0
Inactive members active elsewhere in VRS	11
Active members	<u>27</u>
Total covered employees	<u>71</u>

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.

If the employer used the certified rate: The Town of Lawrenceville, Virginia's contractually required contribution rate for the year ended June 30, 2024 was 7.07% 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. Contributions to the pension plan from the Town of Lawrenceville, Virginia were \$78,350 and \$82,838 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net Pension Liability

The net pension liability (NPL) 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 Town of Lawrenceville, Virginia, 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 – General Employees

The total pension liability for General Employees in the Political Subdivision's 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%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each 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 Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees in the Political Subdivision 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%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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 to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
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	<u>1.00%</u>	1.20%	<u>0.01%</u>
Total	<u>100.00%</u>		5.75%
	Inflation		<u>2.50%</u>
	Expected arithmetic nominal return*		<u>8.25%</u>

**The above allocation provides a one-year 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. These 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 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; political subdivisions were also provided with an opportunity to use an alternate 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. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Total Pension Liability (a)	<u>Increase (Decrease)</u> Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at June 30, 2022	\$4,608,346	\$ 4,641,587	\$ (33,241)
Changes for the Year			
Service cost	110,077	-	110,077
Interest	311,816	-	311,816
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	139,904	-	139,904
Contributions - employer	-	82,838	(82,838)
Contributions - employee	-	58,657	(58,657)
Net investment income	-	299,945	(299,945)
Benefit payments, including refunds of employee contributions	(197,853)	(197,853)	-
Administrative expenses	-	(2,967)	2,967
Other changes	-	121	(121)
Net Changes	363,944	240,741	123,203
Balances at June 30, 2023	<u>\$4,972,290</u>	<u>\$ 4,882,328</u>	<u>\$ 89,962</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town of Lawrenceville, Virginia using the discount rate of 6.75%, as well as what the Town of Lawrenceville, Virginia's 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:

1.00% Decrease **Current Discount** **1.00% Increase**
(5.75%) Rate (6.75%) (7.75%)

Political subdivision's					
Net Pension Liability (Asset)	\$	683,302	\$	89,962	\$ (399,492)

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

For the year ended June 30, 2024, the Town of Lawrenceville, Virginia recognized pension expense (income) of \$(106,728). At June 30, 2024, the Town of Lawrenceville, Virginia reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	89,397	\$	144,456
Change in assumptions		-		-
Net difference between projected and actual earnings on pension plan investments		-		70,621
Employer contributions subsequent to the measurement date		78,350		-
Total	\$	167,747	\$	215,077

\$78,350 reported as deferred outflows of resources related to pensions resulting from the Town of Lawrenceville, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

**Year Ended
June 30,**

2025	\$(145,614)
2026	(48,690)
2027	66,352
2028	2,272
2029	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.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.

Payables to the Pension Plan

The political subdivision recognizes \$10,058 of payables to a defined benefit pension plan outstanding at the end of the reporting period. This amount represents the June 2024 legally required contributions to the pension plan due by July 10 per VRS reporting requirements.

17 Other Post-Employment Benefits - Group Life Insurance Program

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • <i>Natural Death Benefit:</i> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <i>Accidental Death Benefit:</i> The accidental death benefit is double the natural death benefit. • <i>Other Benefit Provisions:</i> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: - Accidental dismemberment benefit - Safety belt benefit - Repatriation benefit - Felonious assault benefit - Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the entity were \$6,689 and \$6,855 for the years ended June 30, 2024 and June 30, 2023 respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in the fringe benefits line item of our financial statements.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2024, the participating employer reported a liability of \$64,643 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00482% as compared to 0.00516% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of \$3,096. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,456	\$ 1,962
Net difference between projected and actual earnings on GLI OPEB program investments	-	2,598
Change in assumptions	1,382	4,479
Changes in proportionate share	6,600	2,355
Employer contributions subsequent to the measurement date	<u>6,689</u>	<u>-</u>
Total	<u>\$ 21,127</u>	<u>\$ 11,394</u>

\$6,689 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

**Year Ended
June 30,**

2025	\$ 534
2026	(1,302)
2027	1,635
2028	1,059
2029	1,118
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability 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%
Salary increases, including inflation -	
Locality - General employees	3.50% - 5.35%
Locality - Hazardous Duty employees	3.50% - 4.75%
Investment rate of return	6.75, net of investment expenses, including inflation

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	3,907,052
Plan Fiduciary Net Position		<u>2,707,739</u>
GLI Net OPEB Liability (Asset)	\$	<u><u>1,199,313</u></u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
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	<u>1.00%</u>	1.20%	<u>0.01%</u>
Total	<u>100.00%</u>		5.75%
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>8.25%</u>

* The above allocation provides a one-year 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. These 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 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 GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
State Agency's Proportionate Share of the Group Life Insurance Plan			
Net OPEB Liability	\$ 95,821	\$ 64,643	\$ 39,435

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is 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 varetire.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.

Payables to the VRS Group Life Insurance OPEB Plan

The political subdivision recognizes \$1,211 of payables to the VRS Group Life Insurance OPEB Plan outstanding at the end of the reporting period. This amount represents June 2024 legally required contributions to the plan due by July 10 per VRS reporting requirements.

18 Other Post-Employment Benefits - Health Insurance Credit Program

Plan Description

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.	
Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • <i>At Retirement:</i> For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • <i>Disability Retirement:</i> For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.	
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for the premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.	

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	9
Vested inactive members	1
Inactive members active elsewhere in the System	11
Active members	<u>27</u>
Total covered employees	<u><u>48</u></u>

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) 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. The Town of Lawrenceville, Virginia's contractually required employer contribution rate for the year ended June 30, 2024 was 0.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the Town of Lawrenceville, Virginia to the Political Subdivision Health Insurance Credit Program were \$1,944 and \$2,018 for the years ended June 30, 2024 and June 30, 2023, respectively.

Net HIC OPEB Liability

The Town of Lawrenceville, Virginia's net Health Insurance Credit OPEB liability was measured as of June 30, 2023. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Actuarial Assumptions

The total HIC OPEB liability 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%
Salary increases, including inflation	
Locality - General Employees	3.50% - 5.35%
Locality - Hazardous Duty Employees	3.50% - 4.75%
Investment rate of return	6.75%, net of investment investment expenses, including inflation

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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-Retirement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
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	<u>1.00%</u>	1.20%	<u>0.01%</u>
Total	<u>100.00%</u>		5.75%
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.25%</u>

**The above allocation provides a one-year 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. These 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 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 HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability:

		<u>Increase (Decrease)</u>	
	<u>Total</u> <u>HIC OPEB</u> <u>Liability</u> <u>(a)</u>	<u>Plan</u> <u>Fiduciary</u> <u>Net Position</u> <u>(b)</u>	<u>Net</u> <u>HIC OPEB</u> <u>Liability</u> <u>(a) - (b)</u>
Balances at June 30, 2022	\$ 60,481	\$ 47,571	\$ 12,910
Changes for the Year			
Service cost	1,311	-	1,311
Interest	4,061	-	4,061
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	(819)	-	(819)
Contributions - employer	-	2,019	(2,019)
Net investment income	-	2,857	(2,857)
Benefit payments, including refunds of employee contributions	(3,258)	(3,258)	-
Administrative expenses	-	(70)	70
Other changes	-	8	(8)
Net Changes	1,295	1,556	(261)
Balances at June 30, 2023	<u>\$ 61,776</u>	<u>\$ 49,127</u>	<u>\$ 12,649</u>

Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

The following presents the Political Subdivision Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Political subdivision's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>1.00%</u> <u>Decrease</u> <u>(5.75%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (6.75%)</u>	<u>1.00%</u> <u>Increase</u> <u>(7.75%)</u>
Political subdivision's Net HIC OPEB Liability	\$ 18,507	\$ 12,649	\$ 7,608

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2024, the Town of Lawrenceville, Virginia recognized Health Insurance Credit Program OPEB expense \$1,888. At June 30, 2024, the Town of Lawrenceville, Virginia reported deferred outflows of resources and deferred inflows of resources related to the Town of Lawrenceville, Virginia's Health Insurance Credit Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 54	\$ 9,267
Net difference between projected and actual earnings on HIC OPEB program investments	-	455
Change in assumptions	8,106	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	<u>1,944</u>	<u>-</u>
Total	<u>\$ 10,104</u>	<u>\$ 9,722</u>

\$1,944 reported as deferred outflows of resources related to the HIC OPEB resulting from the Town of Lawrenceville, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

**Year Ended
June 30,**

2025	\$ (992)
2026	(1,528)
2027	837
2028	121
2029	-
Thereafter	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report*. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.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.

Payables to the VRS Health Insurance Credit OPEB Plan

The political subdivision recognizes \$174 of payables to the VRS Health Insurance Credit OPEB Plan outstanding at the end of the reporting period. This amount represents June 2024 legally required contributions to the plan due by July 10 per VRS reporting requirements.

19 Aggregate OPEB Information

	Primary Government				
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liability</u>	<u>Net OPEB (Asset)</u>	<u>OPEB Expense</u>
VRS OPEB Plans					
<i>Group Life Insurance</i>					
Primary Government	\$ 21,127	\$ 11,394	\$ 64,643	\$ -	\$ 3,096
<i>Health Insurance Credit</i>					
Primary Government	<u>10,104</u>	<u>9,722</u>	<u>12,649</u>	<u>-</u>	<u>1,888</u>
Totals	<u>\$ 31,231</u>	<u>\$ 21,116</u>	<u>\$ 77,292</u>	<u>\$ -</u>	<u>\$ 4,984</u>

20 Fund Balances – Governmental Funds

As of June 30, 2024, fund balances are composed of the following:

	<u>Assigned for</u>	<u>Amount</u>
Primary Government		
Cemetery Fund	Cemetery Maintenance	\$ <u>81,188</u>
		<u>\$ 81,188</u>

21 Upcoming Pronouncements

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

22 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2024 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2024. Management has performed their analysis through July 18, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lawrenceville, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2024

General Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
General Property Taxes				
Real and personal property taxes	\$ 245,000	\$ 245,000	\$ 231,001	\$ (13,999)
Penalties and interest on taxes	4,000	4,000	24,577	20,577
Total General Property Taxes	249,000	249,000	255,578	6,578
Other Local Taxes				
Local sales and use taxes	40,000	40,000	39,266	(734)
Utility and consumption taxes	55,000	55,000	60,426	5,426
Business license taxes	60,000	60,000	59,483	(517)
Meals taxes	165,000	165,000	172,894	7,894
Motor vehicle licenses	12,500	12,500	11,536	(964)
Bank franchise tax	90,000	90,000	134,429	44,429
Total Other Local Taxes	422,500	422,500	478,034	55,534
Fines and Forfeitures	57,400	57,400	86,516	29,116
Revenue from Use of Money and Property				
Revenue from use of money	1,500	1,500	759	(741)
Revenue from use of property				
Rent of property	12,000	12,000	11,120	(880)
Sale of property	5,000	5,000	108,078	103,078
Total Revenue from Use of Money and Property	18,500	18,500	119,957	101,457
Charges for Services				
Garbage fees	75,000	75,000	67,345	(7,655)
Dumpster fees	-	-	15,144	15,144
Miscellaneous	7,500	7,500	-	(7,500)
Total Charges for Services	82,500	82,500	82,489	(11)
Recovered Costs				
Chamber reimbursement	20,000	20,000	-	(20,000)
Miscellaneous	5,000	5,000	1,905	(3,095)
Total Recovered Costs	25,000	25,000	1,905	(23,095)
Miscellaneous				
Miscellaneous	5,000	5,000	19,036	14,036
Total Miscellaneous	5,000	5,000	19,036	14,036

Variance
With
Final Budget
Positive
(Negative)

	Original Budget	Final Budget	Actual	
Intergovernmental				
<i>Revenue from the Commonwealth</i>				
Noncategorical Aid				
Personal property tax relief act	-	-	39,561	39,561
Rolling stock tax	-	-	4	4
Communications tax	45,000	45,000	34,098	(10,902)
Total Noncategorical Aid	45,000	45,000	73,663	28,663
Categorical Aid				
Law enforcement grant	33,000	33,000	37,788	4,788
Fire program	15,000	15,000	15,000	-
Total Categorical Aid	48,000	48,000	52,788	4,788
Total Revenue from the Commonwealth	93,000	93,000	126,451	33,451
<i>Revenue from the Federal Government</i>				
CARES Relief funds	-	-	123,803	123,803
T21 grant	-	365,000	23,021	(341,979)
Total Revenue from the Federal Government	-	365,000	146,824	(218,176)
Total Intergovernmental Revenue	93,000	458,000	273,275	(184,725)
Total Revenues	952,900	1,317,900	1,316,790	(1,110)
Expenditures				
Current				
<i>General Government Administration</i>				
Town Council	10,200	10,200	10,200	-
Salaries	278,216	278,216	124,001	154,215
Fringe benefits	112,049	112,049	82,319	29,730
Postage and telephone	10,000	10,000	9,659	341
Printing and office supplies	16,000	16,000	16,221	(221)
Professional fees	22,000	22,000	4,745	17,255
Dues and travel	13,500	13,500	17,948	(4,448)
Computer maintenance	19,500	19,500	17,942	1,558
Insurance and bonds	12,787	12,787	19,329	(6,542)
Utilities	10,000	10,000	9,984	16
Gas, oil and vehicle repairs	600	600	582	18
COVID-19 Relief Cares Act	-	-	96,307	(96,307)
Capital outlay	-	-	30,421	(30,421)
Redistricting	20,000	20,000	-	20,000
Miscellaneous	7,600	7,600	540	7,060
Total General Government Administration	532,452	532,452	440,198	92,254
Public Safety				
<i>Police Department</i>				
Salaries	311,839	311,839	305,126	6,713
Fringe benefits	115,711	115,711	108,807	6,904
Travel and dues	14,000	14,000	18,756	(4,756)
Professional fees	31,000	31,000	32,795	(1,795)
Line of duty	4,595	4,595	4,595	-
Insurance	5,796	5,796	5,843	(47)
Supplies	7,000	7,000	3,541	3,459
Vehicle	40,000	40,000	26,383	13,617

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Computer maintenance	6,000	6,000	338	5,662
Utilities	8,000	8,000	8,100	(100)
Equipment and capital outlay	5,000	5,000	37,026	(32,026)
Postage and telephone	13,000	13,000	11,068	1,932
Uniforms	5,000	5,000	1,546	3,454
Miscellaneous	4,000	4,000	1,511	2,489
Total Police Department	570,941	570,941	565,435	5,506
<i>Fire Department</i>				
Supplies	15,000	15,000	15,000	-
Vehicle	-	-	451	(451)
Miscellaneous	-	-	544	(544)
Capital outlay	57,650	57,650	54,811	2,839
Utilities and telephone	11,100	11,100	9,395	1,705
Contribution	-	-	-	-
Repairs and maintenance	4,500	4,500	19	4,481
Total Fire Department	88,250	88,250	80,220	8,030
<i>Building Inspector</i>				
Miscellaneous	19,500	19,500	-	19,500
Total Building Inspector	19,500	19,500	-	19,500
Total Public Safety	678,691	678,691	645,655	33,036
Public Works				
<i>Refuse collection and disposal</i>	6,000	6,000	2,242	3,758
<i>Maintenance of buildings and grounds</i>	21,426	21,426	14,543	6,883
<i>Maintenance of highway, streets, bridges and sidewalks</i>				
Salaries	661,351	661,351	310,789	350,562
Fringe benefits	247,851	247,851	164,981	82,870
Materials and supplies	50,000	50,000	26,434	23,566
Insurance	14,491	14,491	14,607	(116)
Miscellaneous	5,200	5,200	2,598	2,602
Repairs and maintenance	30,000	30,000	25,047	4,953
Postage and telephone	4,000	4,000	8,454	(4,454)
Utilities	42,500	42,500	26,882	15,618
Gas, oil and vehicle repairs	60,000	60,000	116,010	(56,010)
Total Maintenance of Highway, Streets, Bridges and Sidewalks	1,115,393	1,115,393	695,802	419,591
Total Public Works	1,142,819	1,142,819	712,587	430,232

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Parks, Recreation, and Cultural				
Parks	2,500	2,500	1,300	1,200
Arts	-	-	500	(500)
Farmer's market	1,000	1,000	-	1,000
Cemetery	40,739	40,739	28,639	12,100
Total Parks, Recreation, and Cultural	44,239	44,239	30,439	13,800
Community Development				
Bus service	3,700	3,700	3,700	-
Grant reimbursement	5,000	5,000	5,000	-
Community development	45,000	410,000	76,513	333,487
Total Community Development	53,700	418,700	85,213	333,487
Debt Service				
Principal payments related to debt	15,000	15,000	80,234	(65,234)
Interest expense related to debt	-	-	21,712	(21,712)
Total Debt Service	15,000	15,000	101,946	(86,946)
Total Expenditures	2,466,901	2,831,901	2,016,038	815,863
Excess (Deficiency) of Revenues Over Expenditures	(1,514,001)	(1,514,001)	(699,248)	814,753
Other Financing Sources (Uses)				
Contingency/surplus	1,514,001	1,514,001	-	(1,514,001)
Operating transfers in	-	-	173,662	173,662
Total Other Financing Sources (Uses)	1,514,001	1,514,001	173,662	(1,340,339)
Net Change in Fund Balance	\$ -	\$ -	(525,586)	\$ (525,586)
Fund Balance (Deficit) - Beginning of Year			(1,218,610)	
Fund Balance (Deficit) - End of Year			<u>\$ (1,744,196)</u>	

Cemetery Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Use of money and property	\$ -	\$ -	\$ 752	\$ 752
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,400</u>	<u>1,400</u>
Total Revenues	-	-	2,152	2,152
Expenditures				
Parks, Recreation, and Cultural Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	2,152	2,152
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	2,152	<u>\$ 2,152</u>
Fund Balance - Beginning of Year			<u>79,036</u>	
Fund Balance - End of Year			<u>\$ 81,188</u>	

Town of Lawrenceville, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30 (in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability										
Service cost	\$ 110,077	\$ 107,532	\$ 106,092	\$ 118,859	\$ 98,565	\$ 107,799	\$ 108,756	\$ 103,846	\$ 97,467	\$ 96,502
Interest	311,816	329,454	303,681	285,336	274,878	254,928	259,540	250,863	235,900	222,225
Changes of assumptions	-	-	240,128	-	118,875	-	(96,385)	-	19,270	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	139,904	(496,786)	(188,929)	110,729	54,220	92,775	(86,360)	11,338	-	-
Benefit payments	(197,853)	(210,256)	(163,098)	(323,180)	(169,152)	(171,875)	(330,994)	(153,173)	(124,601)	(122,131)
Net change in total pension liability	363,944	(270,056)	297,874	191,744	377,386	283,627	(145,443)	212,874	228,036	196,596
Total pension liability - beginning	4,608,346	4,878,402	4,580,528	4,388,784	4,011,398	3,727,771	3,873,214	3,660,340	3,432,304	3,235,708
Total pension liability - ending (a)	\$ 4,972,290	\$ 4,608,346	\$ 4,878,402	\$ 4,580,528	\$ 4,388,784	\$ 4,011,398	\$ 3,727,771	\$ 3,873,214	\$ 3,660,340	\$ 3,432,304
Plan fiduciary net position										
Contributions - employer	\$ 82,838	\$ 110,068	\$ 101,898	\$ 90,364	\$ 81,130	\$ 88,841	\$ 94,767	\$ 96,250	\$ 93,763	\$94,122
Contributions - employee	58,657	52,411	48,977	51,508	46,325	44,659	47,593	45,458	44,353	42,170
Net investment income	299,945	(5,040)	1,018,472	71,133	241,126	250,640	377,908	56,214	139,426	411,618
Benefit payments	(197,853)	(210,256)	(163,098)	(323,180)	(169,152)	(171,875)	(330,994)	(153,173)	(124,601)	(122,131)
Administrator charges	(2,967)	(2,921)	(2,478)	(2,582)	(2,367)	(2,156)	(2,319)	(1,960)	(1,866)	(2,183)
Other	121	109	96	(83)	(152)	(224)	(332)	(24)	(32)	21
Net change in plan fiduciary net position	240,741	(55,629)	1,003,867	(112,840)	196,910	209,885	186,623	42,765	151,043	423,617
Plan fiduciary net position - beginning	4,641,587	4,697,216	3,693,349	3,806,189	3,609,279	3,399,394	3,212,771	3,170,006	3,018,963	2,595,346
Plan fiduciary net position - ending (b)	\$ 4,882,328	\$ 4,641,587	\$ 4,697,216	\$ 3,693,349	\$ 3,806,189	\$ 3,609,279	\$ 3,399,394	\$ 3,212,771	\$ 3,170,006	\$ 3,018,963
Political subdivision's net pension liability/(asset) - ending (a-b)	\$ 89,962	\$ (33,241)	\$ 181,186	\$ 887,179	\$ 582,595	\$ 402,119	\$ 328,377	\$ 660,443	\$ 490,334	\$ 413,341
Plan fiduciary net position as a percentage of the total pension liability	98.19%	100.72%	96.29%	80.63%	86.73%	89.98%	91.19%	82.95%	86.60%	87.96%
Covered payroll	\$ 1,261,494	\$ 1,123,022	\$ 1,028,590	\$ 1,069,944	\$ 946,101	\$ 904,839	\$ 956,665	\$ 911,873	\$ 890,434	\$840,224
Political subdivision's net pension liability as a percentage of covered payroll	7.13%	-2.96%	17.61%	82.92%	61.58%	44.44%	34.33%	72.43%	55.07%	49.19%

Town of Lawrenceville, Virginia

Schedule of Employer Contributions

Political Subdivisions Retirement Plan

For the Years Ended June 30, 2015 through 2024

Date	Contributions in Relation to				Contributions	
	Contractually Required Contribution (1)*	Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)	
2024	\$ 85,902	\$ 85,902	\$ -	\$ 1,215,019	7.07%	
2023	89,188	89,188	-	1,261,494	7.07%	
2022	115,559	115,559	-	1,123,022	10.29%	
2021	105,842	105,842	-	1,028,590	10.29%	
2020	92,871	92,871	-	1,069,944	8.68%	
2019	82,122	82,122	-	946,101	8.68%	
2018	89,579	89,579	-	904,839	9.90%	
2017	94,710	94,710	-	956,665	9.90%	
2016	96,385	96,385	-	911,873	10.57%	
2015	94,119	94,119	-	890,434	10.57%	

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

For Reference Only

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

Town of Lawrenceville, Virginia

Notes to Required Supplementary Information – VRS Pension

For the Year Ended June 30, 2024

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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 PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each 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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 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	Rates Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Lawrenceville, Virginia

Schedule of Employer's Share of Net OPEB Liability Group Life Insurance Plan (GLI) For the Measurement Dates of June 30, 2017 through 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.00482%	0.00516%	0.00498%	0.00523%	0.00483%	0.00476%	0.00523%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 64,643	\$ 62,131	\$ 57,981	\$ 87,280	\$78,597	\$72,000	\$79,000
Employer's Covered Payroll	\$ 1,269,494	\$ 1,123,022	\$ 1,028,590	\$ 1,075,369	946,101	904,839	\$965,436
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.09%	5.53%	5.64%	8.12%	8.31%	7.96%	8.18%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2023 is the seventh year for this presentation, there are only seven years available. However, additional years will be included as they become available.*

For Reference Only

The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on pages 130 and 131 of the VRS 2023 Annual Report.

Town of Lawrenceville, Virginia

Schedule of Employer Contributions

Group Life Insurance OPEB Plan

For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 6,689	\$ 6,689	\$ -	\$ 1,238,735	0.54%
2023	6,855	6,855	-	1,269,494	0.54%
2022	6,064	6,064	-	1,123,022	0.54%
2021	5,554	5,554	-	1,028,590	0.54%
2020	5,592	5,592	-	1,075,369	0.52%
2019	4,920	4,920	-	946,101	0.52%
2018	4,705	4,705	-	904,839	0.52%
2017	5,020	5,020	-	965,436	0.52%
2016	4,377	4,377	-	911,873	0.48%
2015	4,274	4,274	-	890,442	0.48%

For Reference Only

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

Town of Lawrenceville, Virginia

Notes to Required Supplementary Information – GLI OPEB

For the Year Ended June 30, 2024

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

Non-Largest Ten Locality Employers – General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Town of Lawrenceville, Virginia

Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability and Related Ratios

For the Measurement Dates of June 30, 2023, 2022, 2021, 2020, 2019, 2018 and 2017

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB liability							
Service cost	\$ 1,311	\$ 1,363	\$ 1,659	\$ 1,655	\$ 1,557	\$ 1,594	\$ 1,822
Interest	4,061	3,718	3,869	3,686	3,586	3,188	3,271
Changes in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(819)	(8,507)	(7,882)	234	54	4,200	-
Changes of assumptions	-	11,733	1,661	-	1,206	-	(3,534)
Benefit payments	(3,258)	(3,093)	(2,718)	(3,006)	(3,037)	(3,570)	(1,916)
Net change in total HIC OPEB liability	1,295	5,214	(3,411)	2,569	3,366	5,412	(357)
Total HIC OPEB liability - beginning	60,481	55,267	58,678	56,109	52,743	47,331	47,688
Total HIC OPEB liability - ending (a)	\$ 61,776	\$ 60,481	\$ 55,267	\$ 58,678	\$ 56,109	\$ 52,743	\$ 47,331
 Plan fiduciary net position							
Contributions - employer	\$ 2,019	\$ 3,257	\$ 2,983	\$ 3,103	\$ 2,743	\$ 2,986	\$ 3,186
Net investment income	2,857	56	9,873	708	2,223	2,336	3,381
Benefit payments	(3,258)	(3,093)	(2,718)	(3,006)	(3,037)	(3,570)	(1,916)
Administrator charges	(70)	(83)	(118)	(71)	(49)	55	(57)
Other	8	148	-	-	(2)	(275)	165
Net change in plan fiduciary net position	1,556	285	10,020	734	1,878	1,532	4,759
Plan fiduciary net position - beginning	47,571	47,286	37,266	36,532	34,654	33,122	28,363
Plan fiduciary net position - ending (b)	\$ 49,127	\$ 47,571	\$ 47,286	\$ 37,266	\$ 36,532	\$ 34,654	\$ 33,122
 Political subdivision's net HIC OPEB liability - ending (a) - (b)	\$ 12,649	\$ 12,910	\$ 7,981	\$ 21,412	\$ 19,577	\$ 18,089	\$ 14,209
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	79.52%	78.65%	85.56%	63.51%	65.11%	65.70%	69.98%
 Covered payroll	\$1,261,494	\$ 1,123,022	\$ 1,028,590	\$ 1,069,944	\$ 946,101	\$904,839	\$965,436
 Political subdivision's net HIC OPEB liability as a percentage of covered payroll	1.00%	1.15%	0.78%	2.00%	2.07%	2.00%	1.47%

Town of Lawrenceville, Virginia

Schedule of Employer Contributions

Health Insurance Credit - Political Subdivisions

For the Years Ended June 30, 2015 through 2024

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2024	\$ 1,944	\$ 1,944	\$ -	\$1,215,019	0.16%
2023	2,018	2,018	-	1,261,494	0.16%
2022	3,257	3,257	-	1,123,022	0.29%
2021	2,983	2,983	-	1,028,590	0.29%
2020	3,103	3,103	-	1,069,944	0.29%
2019	2,744	2,744	-	946,101	0.29%
2018	2,986	2,986	-	904,839	0.33%
2017	3,186	3,186	-	965,436	0.33%
2016	2,736	2,736	-	911,873	0.30%
2015	2,661	2,661	-	887,061	0.30%

For Reference Only

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

Town of Lawrenceville, Virginia

Notes to Required Supplementary Information – HIC OPEB

For the Year Ended June 30, 2024

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

OTHER SUPPLEMENTARY INFORMATION

Town of Lawrenceville, Virginia

Statement of Net Position

Discretely Presented Component Unit - EDA

Economic Development Authority of the Town of Lawrenceville, Virginia

June 30, 2024

Assets

Current Assets

Cash	\$ 96,331
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Total Current Assets	96,331
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Capital Assets

Land	3,400
------	-------

Buildings	228,295
-----------	---------

Less: Accumulated depreciation	(54,616)
--------------------------------	----------

Net Capital Assets	177,079
--------------------	---------

Total Assets	\$ 273,410
--------------	------------

Liabilities and Net Position

Liabilities	\$ -
-------------	------

Net Position

Net investment in capital assets	177,079
----------------------------------	---------

Unrestricted	96,331
--------------	--------

Total Net Position	273,410
--------------------	---------

Total Liabilities and Net Position	\$ 273,410
------------------------------------	------------

Town of Lawrenceville, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Discretely Presented Component Unit - EDA

Economic Development Authority of the Town of Lawrenceville, Virginia

Year Ended June 30, 2024

Operating Revenues

Rental income	\$ 6,000
	<u>6,000</u>
Total Operating Revenues	6,000

Operating Expenses

Depreciation	6,902
Professional fees	1,735
Contribution to the Town	99,978
Repairs and maintenance	580
Loss on sale of asset	<u>58,031</u>
Total Operating Expenses	<u>167,226</u>

Net Operating Loss	<u>(161,226)</u>
Change in Net Position	(161,226)
Net Position - Beginning of Year	<u>434,636</u>
Net Position - End of Year	<u><u>\$ 273,410</u></u>

Town of Lawrenceville, Virginia

Statement of Cash Flows

Discretely Presented Component Unit - EDA

Economic Development Authority of the Town of Lawrenceville, Virginia

Year Ended June 30, 2024

Cash Flows from Operating Activities

Receipts from customers and contributions	\$ 7,501
Payments to suppliers	<u>(102,293)</u>
Net Cash Used in Operating Activities	<u>(94,792)</u>

Cash Flows from Capital and Related Financing Activities

Proceeds from sale of capital asset	<u>98,978</u>
Net Cash Provided by Capital and Related Financing Activities	<u>98,978</u>

Increase in Cash and Cash Equivalents	4,186
Cash and Cash Equivalents - Beginning of Year	<u>92,145</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 96,331</u></u>

**Reconciliation of Operating Loss to Net Cash
Used in Operating Activities**

Operating loss	\$ (161,226)
<i>Adjustments to reconcile operating loss to net cash used in operating activities</i>	
Depreciation	6,902
Loss on sale of asset	58,031
<i>Changes in assets and liabilities</i>	
Rent receivable	<u>1,501</u>
Net Cash Used in Operating Activities	<u><u>\$ (94,792)</u></u>

OTHER INFORMATION

Table 1

Town of Lawrenceville, Virginia

General Governmental Revenues by Source

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>Charges for Services</u>	<u>Recovered Costs</u>	<u>Miscellaneous</u>	<u>Inter-Governmental</u>	<u>Total</u>
2015	\$ 227,063	\$ 604,435	\$ 74,520	\$ 25,364	\$ 78,176	\$ -	\$ 96,797	\$ 573,360	\$ 1,679,715
2016	239,730	451,850	65,357	17,650	79,777	-	257,839	159,887	1,272,090
2017	262,465	427,702	69,480	11,720	76,098	-	145,129	117,753	1,110,347
2018	189,483	371,268	42,907	36,898	96,591	33,680	119,345	214,013	1,104,185
2019	201,808	353,541	39,666	18,568	78,736	49,138	400,960	199,697	1,342,114
2020	237,097	350,904	33,217	20,777	76,624	398,816	89,095	433,451	1,639,981
2021	232,110	402,735	56,700	16,997	79,360	60,332	137,431	453,986	1,439,651
2022	228,697	397,203	36,611	21,764	75,431	19,067	240,653	747,710	1,767,136
2023	265,320	416,229	68,355	16,924	80,813	17,369	15,378	1,187,644	2,068,032
2024	255,578	478,034	86,516	119,957	82,489	1,905	19,036	273,275	1,316,790

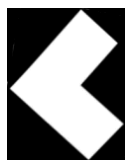
Town of Lawrenceville, Virginia

General Governmental Expenditures by Function

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Government Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Debt Service</u>	<u>Total</u>
2015	\$ 273,929	\$ 792,637	\$ 403,358	\$ -	\$ 751,089	\$ 78,267	\$ 2,299,280
2016	297,107	666,784	425,180	-	202,973	78,758	1,670,802
2017	311,688	680,183	447,613	-	72,127	43,666	1,555,277
2018	278,966	604,890	493,815	5,699	88,022	60,374	1,531,766
2019	291,015	711,497	423,448	36,718	68,240	63,686	1,594,604
2020	300,603	704,103	617,550	25,637	397,068	173,206	2,218,167
2021	398,118	892,587	507,049	21,282	176,647	145,532	2,141,215
2022	324,667	2,001,721	683,108	27,229	29,773	112,433	3,178,931
2023	339,983	1,279,493	858,335	25,891	233,784	112,729	2,850,215
2024	440,198	645,655	712,587	30,439	85,213	101,946	2,016,038

COMPLIANCE SECTION



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

To the Town Council
Town of Lawrenceville, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of Town of Lawrenceville, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Lawrenceville, Virginia's basic financial statements, and have issued our report thereon dated July 18, 2025.

Report on Internal Control over Financial Reporting

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Creedle, Jones & Associates, P.C." in a cursive script.

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

South Hill, Virginia
July 18, 2025